



# ***Daily Report***

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## **China**

FBIS-CHI-93-107  
Monday  
7 June 1993

# Daily Report

## China

FBIS-CHI-93-107

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7 June 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### UN Envoy Li Zhaoxing Comments on Resolutions

#### On Bosnian Safe Haven Plan

OW0606184693 Beijing XINHUA Domestic Service  
in Chinese 0643 GMT 5 Jun 93

[By reporters Liu Qizhong (0491 0366 0022) and Li Jianxiong (2621 1696 7160)]

[Text] United Nations, 4 Jun (XINHUA)—The UN Security Council today adopted Resolution 836, thereby approving greater power for UN forces in Bosnia-Herzegovina to ensure safety within UN-protected areas.

In a resolution adopted on 6 May, the Security Council proclaimed Sarajevo, the capital of Bosnia-Herzegovina, to be a safe haven, along with Tuzla, Zepa, Gorazde, Bihac, and Srebrenica—areas where Muslims live in compact communities—in order that these cities and their surrounding areas would be protected from armed attacks by all sides. The UN Security Council resolution, which passed today on a 13-0 vote with two abstentions—one from Pakistan and one from Venezuela—calls on the UN secretary general to reinforce UN troops and to allow them to take necessary measures to defend themselves, return fire, and resist any attack or intrusion against the safe havens.

The resolution also authorized UN-member states to use air power to support UN troops in carrying out the aforesaid missions within and around the safe havens.

The resolution did not mention the number of reinforcements needed nor the necessary funding. The secretary general will report on these issues which will then be decided by the Security Council.

The above-mentioned resolution also stressed that the UN Security Council can decide at any time to adopt new, stronger measures.

There are now 9,000 UN soldiers in Bosnia-Herzegovina. Their former missions were limited to self-defense and the protection of the humanitarian aid.

The draft resolution passed today was sponsored by France, Russia, Spain, the UK, and the United States. All of these countries declared that the establishment of safe havens within Bosnia-Herzegovina and the guaranteeing of the safety of these areas did not comprise ultimate goals, adding that the intended purpose was to promote the Vance-Owen peace process—the first step toward achieving a just and lasting political settlement of the Bosnia-Herzegovina issue.

Before the draft resolution was put to a vote, representatives of all UN Security Council-member states successively took the floor to explain the position of their respective countries.

When Li Zhaoxing, China's permanent representative to the United Nations, took the floor, he pointed out: While the establishment of some safe havens in Bosnia-Herzegovina cannot resolve the conflicts there once and for all, the move is a practical, tentative measure to suppress the conflict and to ease the people's suffering.

Li Zhaoxing expressed his reservations about the resolution's reference to Chapter 7 of the UN Charter, which was cited for its authorization of the use of force. He said: China always actively advocates that, within international relations, disputes should be resolved peacefully through dialogue and negotiations. Also, China opposes the use of force and the threat to use force. Therefore, China has always supported the unremitting efforts made by the two chairmen to seek a political settlement of the conflict in Bosnia-Herzegovina within the framework of the international conference on the issue of the former Yugoslavia.

When the representatives of Pakistan and Venezuela took the floor to explain their positions, they said they believed the original intention of establishing safe havens in Bosnia-Herzegovina was good. Nevertheless, they added that the draft resolution proposed by France and the four other nations would lead to the recognition of the status quo in Bosnia-Herzegovina, adding that it may even turn the safe havens into permanent refugee camps for Muslims.

In his speech, Jamshed Marker, Pakistan's permanent UN representative, proposed that all areas in which Muslims live in compact communities should be proclaimed safe havens. He also urged the Security Council to take additional steps in Bosnia-Herzegovina, including the lifting of the arms embargo and the confiscation of all heavy weapons.

#### On Somali Attack on UN Forces

OW0706025193 Beijing XINHUA in English  
0230 GMT 7 Jun 93

[Text] United Nations, June 6 (XINHUA)—The Security Council today urged member states to contribute military support and transportation to reinforce U.N. troops in Somalia.

Items needed include armored personnel carriers, tanks and attack helicopters, according to a resolution adopted at the Security Council.

The resolution followed an attack by forces of the United Somali Congress (USC) against the personnel of the U.N. Operation in Somalia (UNOSOM II) on Saturday [5 June], in which 22 Pakistani soldiers were killed and 54 others injured.

The resolution also encouraged the rapid deployment of all UNOSOM II contingents to meet the full requirements of 28,000 personnel from the current 16,700, as well as equipment, as indicated in the secretary-general's report on Somalia.



The Security Council strongly condemned the "unprovoked armed attacks" against the U.N. peace-keeping forces and the use of radio broadcasts, in particular by the USC, to incite such attacks.

The resolution demanded that all Somali parties comply with the commitments they have undertaken in the agreements they concluded in Addis Ababa, especially on "implementing the cease-fire and on modalities of disarmament."

It warned that the U.N. secretary-general may take all necessary measures against all those responsible for the armed attacks, including those responsible for publicly inciting such attacks.

Speaking at the Security Council meeting, Chinese permanent representative Li Zhaoxing strongly condemned the barbarous atrocity committed against UNOSOM personnel. He said China supports UNOSOM in taking practical and effective measures immediately to protect the life and safety of its personnel.

The Chinese ambassador expressed the hope that the factions involved in the Somali conflict will cooperate with UNOSOM II and solve their disputes through dialogue and consultation.

#### **U.S., DPRK Adjourn Talks on Nuclear Issue**

*OW0406222793 Beijing XINHUA in English  
1834 GMT 4 Jun 93*

[Text] New York, June 4 (XINHUA)—The talks on the nuclear issue between the United States and the Democratic People's Republic of Korea (DPRK) adjourned here early this afternoon.

Speaking to reporters after the talks, DPRK First Deputy Foreign Minister Kang Sok-chu said that the meeting did not break down. He expected that the next meeting will be held before June 12.

He also said that both sides are on the same stance that the nuclear issue on the Korean peninsula and other issues between the two countries will be solved through consultations.

Before having lunch with Kang, U.S. Assistant Secretary of State Robert Gallucci told reporters that nothing has been decided at the talks. When asked when the next meeting will be held, he said that he had nothing to say about the date.

The two diplomats had their first meeting on the nuclear issue on the Korean peninsula and other pending issues on Wednesday [2 June]. It is believed that at the talks the U.S. side has been trying to persuade the DPRK to back off its March decision to withdraw from the Nuclear Non-Proliferation Treaty.

In response to U.S.-South Korean military exercises "Team Spirit" and the "unwarranted demand" of the International Atomic Energy Agency for inspection of

several military facilities, the DPRK announced on March 12 its decision to withdraw from the Nuclear Non-Proliferation Treaty. The withdrawal would become effective June 12.

#### **No 'Tangible Progress'**

*SK0606021593 Beijing China Radio International  
in Korean 1100 GMT 5 Jun 93*

[Text] Talks to discuss the nuclear issue on the Korean peninsula and other matters of common concern, which were held between Robert Gallucci, U.S. assistant secretary of state for political and military affairs, and Kang Sok-chu, DPRK first vice minister of foreign affairs, ended in New York yesterday. The two sides did not make any tangible progress in the talks held on 2 and 4 June.

After the talks, Kang Sok-chu said to reporters that the DPRK-U.S. talks are not suspended, that both sides will possibly meet again before 12 June, and that a specific date for the meeting will be decided through negotiations. He said that both sides of the DPRK and the United States agreed that the nuclear issue on the Korean peninsula and other mutual issues should be resolved through negotiations.

Gallucci said to reporters that no progress was made in the talks.

Diplomatic figures in the United Nations admitted that the United States tried to persuade the DPRK to return to the Nuclear Nonproliferation Treaty [NPT] at the talks.

The DPRK declared its NPT withdrawal on 12 March. Its declaration will go into effect beginning on 12 June.

#### **U.S. Signs UN Biodiversity Convention**

*OW0506123493 Beijing XINHUA in English  
0839 GMT 5 Jun 93*

[Text] Washington, June 4 (XINHUA)—The United States signed today an international treaty on species protection that was rejected by the Bush administration.

In signing the U.N. framework convention on biological diversity, the Clinton administration reversed the nation's environmental policy on the international arena.

Washington's endorsement came exactly a year after the convention was open for signature at the U.N. Conference on Environment and Development (UNCED), popularly known as the Earth Summit, in Rio de Janeiro.

But it reflected the U.S. "determination to treat environmental threats as seriously as other threats to our security," said Madeleine Albright, U.S. ambassador to the United Nations who signed the document together with Timothy Wirth, counselor of the U.S. State Department at the U.N. headquarters in New York.

More than 150 countries, including all other major industrialized nations and long-time U.S. allies, signed the convention at the Rio summit a year ago.

But former President George Bush, citing the treaty's potential threat to U.S. business interests as reason, refused to do so and thus put the United States into isolation.

In contrast to Bush's position on environmental issues, Clinton said in his Earth Day speech on April 21 that he intended to commit the United States to the Biodiversity Treaty.

In another policy shift from that of the Bush administration, Clinton also promised to bring the U.S. emissions of greenhouse gases, mainly carbon dioxide, down to 1990 levels by the year 2000.

At the Earth Summit, Bush opposed including such a specific timetable in the U.N. framework convention of climate change—another major product of the historic U.N. meeting.

#### **Jiang Zemin Meets UN Environmental Official**

OW0406131593 Beijing XINHUA in English  
1238 GMT 4 Jun 93

[Text] Beijing, June 4 (XINHUA)—Chinese President Jiang Zemin said here today that China's environmental protection is part of that of the world and that the improvement of China's environment is an important contribution to that of the global environment.

Jiang made the remarks while meeting with Elizabeth Dowdeswell, visiting United Nations under-secretary-general and executive director of the United Nations Environment Program (UNEP), and her party.

"The cooperation between China and the UNEP in the past has been successful and the Chinese Government is ready to strengthen such cooperation," Jiang said.

Jiang extended his welcome to Dowdeswell, who is here to participate in the celebrations marking the 20th anniversary of the World Environment Day, June 5.

Jiang said that he was glad that UNEP decided to hold this year's celebrations in Beijing.

Environmental protection is one of China's basic policies, and the Chinese Government attaches great importance to it, Jiang noted.

He told the visitors that China has drawn up the principle of ensuring a harmonious economic, social and environmental development and has carried out effective policies and regulations which are in line with China's real conditions.

Dowdeswell expressed her appreciation for the achievements China has made in solving the issues between poverty and environment.

She hoped that China would continue to play a positive role in international environmental affairs, and she wished the celebrations of environment day in Beijing a success.

Among those who were present at the meeting were Song Jian, state councillor and minister in charge of the state science and technology commission, Qu Geping, director of the state environmental protection bureau, and Arthur N. Holcombe, UNDP's resident representative to China.

Before coming here, Dowdeswell also conducted an inspection in Ningbo, a coastal city in East China's Zhejiang Province.

#### **Chen Muhua Meets UN Women's Delegation**

OW0606133493 Beijing XINHUA in English  
1200 GMT 6 Jun 93

[Text] Beijing, June 6 (XINHUA)—Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress met here today with the visiting secretary general of the Fourth World Conference on Women (FWCW) Gertrude Mongella.

Chen told the secretary general that China attaches much importance to the conference, which is to be held in Beijing in 1995, and the Chinese organization committee has started detailed preparation work for the conference.

Training classes of various kinds have been offered by women organizations at different levels under the guidance of the All-China Federation of Women so as to provide better service for the conference, said Chen, who is also the federation's chairman.

Mongella arrived in Beijing May 31 and now has finished her week-long inspection on the preparation and facilities for the conference.

The secretary general said that she will tell the headquarters not to be worried about the conference's success when she is back in the United Nations.

Chen, who participated in the third conference held in Nairobi in 1985, said that the strategies outlined by last conference have been implemented in China with continuous progresses achieved.

The implementation of the law on protecting women's rights and interests is a major effort China has made in enhancing women's status in society, Chen said.

Mongella expressed appreciation for Chinese "fruitful efforts" in promoting women's social status and satisfaction over the results of her inspection and her cooperation with the Chinese side during the inspection.

#### **PRC To Host Women's Meeting**

OW0706064993 Beijing XINHUA in English  
0602 GMT 7 Jun 93

[Text] Bangkok, June 7 (XINHUA)—The fourth world conference on women is scheduled to be held in China's capital of Beijing from September 4 to 15 this year, it is learned here today.

According to the United Nations Information Center here, the upcoming world conference on women will discuss such topics as action for quality and development and peace for women.

Other objectives for the conference are to adopt a "platform for action," concentrating on some of the key issues identified as representing fundamental obstacles to the advancement of the majority of women in the world and to determine the priority to be followed in 1996-2001 for implementation of the strategies within the United Nations system.

The first world conferences on women was held in 1975 in Mexico City which led to the declaration by the U.N. General Assembly of the United Nations decade for women (1975-85).

The second one was held in 1980 in Copenhagen, which adopted a program of action for the second half of the United Nations decade for women and the third conference was held in 1985 in Nairobi which adopted the Nairobi forward-looking strategies for the advancement of women to the year 2000.

#### **International Railroad Meeting Opens in Beijing**

OW0706095793 Beijing XINHUA in English  
0848 GMT 7 Jun 93

[Text] Beijing, June 7 (XINHUA)—Over 250 Chinese and foreign railway experts met here today for a five-day conference to seek new approaches to the safety and efficiency of heavy haul railway transportation.

The international conference, which is held every four years, is the fifth of its kind since the International Heavy Haul Association (IHHA) was established in 1978.

IHHA is an international non-governmental organization formed by railway departments in different countries. The association mainly organizes symposiums and workshops concerning the safety and efficiency of heavy haul transportation.

China joined IHHA in 1984 and became a member of the five-member board the following year alongside with the United States, Canada, Australia and South Africa. China was elected vice chairman of the association in 1991.

According to the China Railway Society, heavy haul technology has been viewed as one of the most efficient means to boost transportation capacity in the world. The United States, Canada, Australia and South Africa's heavy haul railway can handle trains up to 20,000 to 30,000 tons and those in Brazil and India can handle 10,000-ton trains.

China has made remarkable progress following the official operation of the Datong-Qinghuangdao line, the first heavy haul railway. The railway line has carried 120 million tons of coal since it started operation four years ago.

Meanwhile, other lines like Beijing-Shanghai and Beijing-Guangzhou can handle trains up to 5,000 tons. These, in all, have helped increase China's railway transportation by three percent in spite of the serious overload in railway transportation.

#### **Palestinian Favors Japanese Involvement in Peace**

OW0606212693 Beijing XINHUA in English  
2027 GMT 6 Jun 93

[Text] Amman, June 6 (XINHUA)—Deputy head of the Palestinian peace delegation Sa'ib 'Urayqat said here today that Japan and West European countries should take part in the sponsorship of the Middle East peace process.

He stressed that the United States, which had proved itself to be biased toward Israel, should not be let to play a decisive role in the Middle East peace process.

In a press briefing following the first working session of the Arab foreign ministers coordination meeting, 'Urayqat said international sponsorship of the peace process will make it "more balanced and more effective."

'Urayqat said that Israel is the main obstacle impeding the peace process because the Jewish state is trying to change the geographic and demographic structures of the occupied territories.

He said Israel has also "intensified its oppression and terrorism acts" against Palestinians in the occupied territories.

Meanwhile, Yasir 'Abd-Rabbu, member of the PLO Executive Committee, said that Palestinians won't negotiate with Israel over parts of the occupied territories but they insist on a comprehensive solution according to the relevant resolutions of the U.N. Security Council.

U.N. Resolutions 242 and 338 demand Israel return all territories it seized in the 1967 Middle East War.

Foreign ministers of Egypt and four Arab countries involved in the Middle East peace talks ended their two-hour working session this afternoon, during which they evaluated the outcome of the ninth round of peace talks in Washington and discussed the obstacles in the peace process.

Foreign Ministers Faruq al-Shar' of Syria, 'Amr Musa of Egypt, Faris Buwayz of Lebanon, Faruq Qaddumi of the PLO and 'Abd-al-Salam al-Majali of Jordan attended the session, trying to work out a joint strategy for the next round of negotiations.

News reports reaching here said the meeting came only one day after Washington and Moscow, the co-sponsors of the Middle East peace process, invited the Arabs and Israel to a 10th round of peace talks scheduled to begin in Washington on June 15.



**Correction to Item on Foreign Ministry Briefing**  
*HK0406024393*

The following correction pertains to the item subheaded "Li Peng's Recovery 'Smooth,'" published in the General International Affairs section of the 3 June China DAILY REPORT, page 1:

Column one, fourth full paragraph of item, third and fourth sentences, make read: Following the first visit by Prime Minister Mahathir to China in 1985 in particular, cooperation between the two countries quickened in all fields. Since 1987, Sino-Malaysian trade has increased annually at a double-digit rate. (supplying missing word "first" and correcting year to "1987")

**United States & Canada**

**Daily Calls U.S. View of Prison Labor 'Trick'**

*HK0406150793 Hong Kong WEN WEI PO in Chinese  
4 Jun 93 p 7*

[Article by Lu Fang (4151 2397): "U.S. Power Politics As Viewed From Its Prison Labor Products—A Comment on the SOUTH CHINA MORNING POST's 'Report'"—first four paragraphs are WEN WEI PO editor's note]

[Text] We recently received a reader's letter telling us that an English-language newspaper in Hong Kong carried on its front page on 20 May a long report on China exporting prison-made goods to the United States in order to damage China's reputation and prevent renewal of China's most favored nation [MFN] trading status.

The letter noted: In fact, the United States has also set up industrial enterprises involving forced labor and sells prison-made products to foreign governments or institutions. The letter enclosed a four-page digest of the catalogue of manufactured goods made by prisoners published by the California Prison Products Management Authority in January, 1987. The reader suggested that we launch a counterattack against the United States, which accused China of exporting prison-made products, by drawing on the tips given in the digest.

We now publish Mr. Lu Fang's article based on the materials mentioned above and attach relevant materials to his article.

This event shows the editorial board of the English-language newspaper was attempting to create obstacles to the development of Sino-U.S. relations at a crucial moment in support of the efforts of some U.S. congressmen. They once before started a rumor about Guangdong's products, black tea made in Yingde for example, saying the tea was prison-made. They are playing the same old trick now.

Over the past few years, some right-wing high-ranking officials in the U.S. Government and a number of congressmen who are unhappy to see China growing

increasingly powerful have repeatedly accused China of exporting prison-made products to damage China's reputation and create obstacles to the improvement of Sino-U.S. relations, thus attempting to prevent China from restoring its status as a signatory state to GATT and stop China's MFN trading status from being renewed.

What is ridiculous is this: A few U.S. congressmen even showed the public the one or two gifts they had received when visiting China's prisons, where they were accorded a friendly welcome, in an attempt to "prove" that China "exported" prison-made products.

Some U.S.-based "human rights organizations" supposedly organized by "Overseas Chinese" hold a news conference or distribute documents every year—they do so in such a regular manner that they, like those who suffer from malaria, have a relapse at regular intervals—accusing China and the Chinese Government of exporting prison-made products. Such a practice has become a common sight.

There were definite and clear answers long ago to the questions of whether prisoners can make products and whether prison-made products can be exported.

It is a normal procedure for prisoners in any country in the world to make products. Prisoners in most countries, including Western democracies headed by the United States, make products. By committing prisoners to making products, China, rather than regarding the practice as a "punishment," aims at enabling prisoners to effectively correct their erroneous ideas and learn a single skill through production labor so that they can make a living when they are released. Through production labor they will also become sound in body and mind. Naturally, since they have produced commodities, they will create wealth for the society and create economic returns. This, however, gives no cause for much criticism.

**China Follows International Practice**

China has all along followed international practice and observed bilateral agreements. We do not export prison-made products ourselves or through other parties. China has repeatedly reiterated this position in the past, and even not long ago.

Some people in the United States and Western countries who are antagonistic toward China have wantonly attacked China and made trouble groundlessly. In our view, these people have ulterior motives or are being misled by others.

In fact, the accusations brought by the United States against China, including those concerning the Tibet issue and the export of prison-made products, do not agree with facts. For example, former U.S. President Jimmy Carter, when meeting with CPC General Secretary Jiang Zemin in Beijing recently, said: There were 6 million Tibetans in Tibet before, and now most of the residents



in Tibet are Han Chinese. "Tibet is occupied by Han Chinese." Jiang Zemin then told him: There are 3 million people in the Tibet Autonomous Region, of which 2.91 million are Tibetans, and Han Chinese only number 80,000 [as published]. After hearing this, Carter laughed, feeling embarrassed. Carter said that the materials he has on hand even say Chengdu in Sichuan belongs to Tibet.

The human rights situation in the United States, in fact, leaves much to be desired. This is what Hong Kong Legislator Elsie Tu said when the Legislative Council recently held a debate on China's MFN status. The riot caused by the verdict of not guilty passed on the white police who arbitrarily beat a black driver is clear proof.

#### **The United States Exports Prison-Made Products**

When we discuss the problem of exporting prison-made products, we should like to point out that the United States itself openly exports prison-made products. The California Prison Products Management Authority, whose headquarters are located in Sacramento, manages 27 prison workshops where prisoners make manufactured goods; seven prison farms, where prisoners produce agricultural products; and four prison service centers, where prisoners provide services.

The products produced by the California Prison Products Management Authority range from food to stainless steel and the services it provides range from decorating private offices to washing clothes.

The prison-made products may be sold not only in California, but also in other states and other countries.

#### **The Newspaper Has an Ax To Grind in Carrying Such a Report**

Why do the U.S. authorities unfoundedly accuse China of exporting prison-made products while exporting such products so noticeably themselves? This is the true face of U.S. power politics: on the one hand, they started a rumor about China's prison-made products (for example, they cooked up a story that the black tea made in Yingde was a prison-made product); on the other, they openly export prison-made products to foreign countries, on condition that they could get import licenses from the latter.

Regrettably, as the Chinese Government repeatedly declared that it had definitely banned the export of prison-made products to other countries, the English-language SOUTH CHINA MORNING POST in Hong Kong published a "report" on "China Continuing To Export Prison-Made Products" to smear China's reputation on 20 May, 1993, when U.S. President Clinton was about to announce the U.S. decision on China's MFN trading status. The 500-600-word "report" quoted Harry Wu, "chairman" of the U.S.-based "Laogai [Reform Through Labor] Research Fund" as saying in Washington that they "found" that China continued to export prison-made products to the U.S. by "changing

factory names of prisons and changing product brand names" to bypass U.S. laws.

#### **The United States Openly Violates Human Rights**

The "report" published by the SOUTH CHINA MORNING POST was not signed nor was it headed by the name of any news agency. The lengthy report was published in an important position of the front page. Why? Everyone knows the answer.

We have to tell the small number of U.S. congressmen who adopted a hostile attitude toward China and those who deliberately tried to damage China's reputation and to prevented China's MFN trading status from being extended: Will you please also introduce regulations clearly banning the export of prison-made products and carry lengthy reports criticizing the United States for openly violating human rights and international practice?

#### **Daily Says U.S. Sells Prison Labor Products**

HK0406135493 Hong Kong TA KUNG PAO in Chinese  
4 Jun 93 p 2

["Special Article" by Shao Wei (6730 0251): "The U.S. Has Vigorously Promoted Sales of Prison Labor Products—A Brief Introduction to the California Prison Industry Authority"]

[Text] Last week, U.S. President Bill Clinton declared that the United States will attach conditions to the renewal of China's most favored nation [MFN] status in the 1994-1995 period. The Chinese Government has already lodged a protest expressing strong opposition to the decision. One of the conditions to be attached, as listed by Bill Clinton, is that China "should make progress" on the question of prison labor. As a matter of fact, the Chinese Government has adopted a clear-cut stance in banning the export of prison labor products. It is the U.S. Government itself that has organized and encouraged the export of prison labor products. As early as 1987 the U.S. California Prison Industry Authority published a catalogue of prison labor products, publicly promoting sales of products manufactured by prisoners at home and abroad.

#### **The Catalogue Provides Detailed Information**

The catalogue explicitly mentions that the California Prison Products Management Authority, which used to be called the California Prison Industry Authority, now sponsors a large number of industrial and agricultural projects known for their "flexible design, action-led operation, and capacity of satisfying the changing demands of customers in a timely manner." "The California Prison Industry Authority has a tradition of providing quality products to public institutions."

The headquarters of the California Prison Industry Authority is situated in Sacramento, California. The authority now runs 27 production enterprises, seven agricultural enterprises, and four service enterprises in

some 10 prison institutions across the state, and originally planned to expand its production scale and set up more production and service enterprises in some newly established prison institutions across the state.

The catalogue states that the California Prison Industry Authority operates by hiring prisoners from various prison institutions to carry out production and by selling products to all state and federal government institutions, as well as all departments and companies affiliated with these institutions. It assumes full responsibilities for its own profits and losses and earns an income by selling products and providing services related to those products."

#### **The Authority Is Allowed To Export Products in Accordance With the Law**

The catalogue lists the following 15 types of products and services: bed clothes, garments, textiles, detention center equipment and installations, detergents, flags, furniture, food, kitchen equipment, sundry goods, signboards, special metals, timber products, stationery, and various types of services (including clothes washing, painting, furniture repair, and so on).

The catalogue finally states that its prison labor products sales are conducted in accordance with the relevant federal and state government laws and that institutions and personages eligible for purchasing the above mentioned products include: "Foreign countries: Foreign governments and companies can purchase and resell the above-mentioned products in their own countries. Individuals and institutions can purchase and sell such products on markets in foreign countries which import prison labor products."

The document of the California Prison Industry Authority shows that it is the United States, a country which puts ultimate stress on human rights and the principle of fair trade, that has been actively organizing production and promoting sales of prison labor products to foreign countries. It is the United States that formulated a whole set of relevant plans, as well as measures, for implementing such plans as early as 1987.

#### **There Is a Sharp Contrast Between Chinese and American Practices**

The U.S. Government institutions have been brazenly promoting the export of prison labor products, whereas the Chinese Government has issued a public ban on the export of prison labor products. However, on 20 May, the SOUTH CHINA MORNING POST, an English newspaper published in Hong Kong, published a front-page article accusing China of exporting prison labor products, thereby adding fuel to the flames surrounding the issue. Earlier, the paper had also fabricated a story saying that even Yingde black tea is a "prison labor product." By so doing, the paper violated the basic principle of objectivity that governs news reporting work and cooperated with certain people in the United States in erecting obstacles to the renewal of China's MFN

status. What the paper has done by no means conforms to the interests of Hong Kong.

#### **Article Views Additional Conditions to MFN**

HK0606023093 Hong Kong WEN WEI PO in Chinese  
5 Jun 93 p 3

[Special article by special correspondent stationed in New York Kuan Wen-liang (7070 2429 0081): "The Real Purpose of Hegemonism—Analyzing the United States' Additional Conditions to China's MFN Status"]

#### **[Text] New York, 4 Jun (WEN WEI PO)—No Concrete Criteria for Additional Conditions**

The Clinton administration recently announced extension of China's most favored nation [MFN] status for another year under an administrative order. But at the same time, it listed many additional conditions relating to human rights, declaring that before a decision is made next June on extension of the MFN status, the question of whether China has made any improvements on these conditions will be considered. The conditions put forth by Clinton include respecting the Universal Declaration of Human Rights, releasing imprisoned political dissidents, opening jails for foreign inspection, preserving Tibetan religious and cultural traditions, forbidding the export of products made by prisoners to the United States, allowing international radio and television stations to broadcast to China, and so forth. Clinton's practice was chiefly aimed at harmonizing contradictions between the Congress and the White House on the above-mentioned issues rather than terminating China's MFN status next year.

The conditions promulgated by Clinton are very ambiguous and without any specific criteria. On certain issues relating to those conditions, China and the United States have already reached agreements, and on some other issues, China has been doing well for a long time. There are also some issues on which each side can adhere to its own version and discuss endlessly at the conference table. Therefore, all those additional conditions do not mean anything of substantive significance in the contacts between both countries, except for an excuse used for hegemonism to attack and suppress China.

#### **An Excuse for Pursuing Hegemonism**

The factor of human rights has never played any important role in U.S. diplomacy. It is nothing but an excuse used by the United States when attempting to pursue hegemonism. If U.S.-Chinese relations seriously deteriorate in the coming year and Washington wants to impose economic sanctions on China, those conditions may be readopted so that they can serve as an excuse for attacking and suppressing China. The real purpose of the hegemonists is to force China to yield to the United States with regard to its social system, state sovereignty, and foreign policy, rather than concentrating on the several conditions. Whether Beijing will submit itself to those conditions and how much it will do so will be of no

help to the solution of problems. It will also have nothing to do with whether the MFN status will be extended next year.

In April this year, George Mitchell, Democratic leader in the Senate of the U.S. Congress, and Nancy Pelosi of the House of Representatives, proposed adding hard conditions to China's MFN status. But unlike in the past three years, they did not submit a motion to the foreign affairs committees of the Senate and the House. During the same period, the State Department hinted that China's MFN status would not be abolished this year. On this matter of foreign policy, it is unlikely that the Congress, which is controlled by the Democrats, will adopt an attitude contradictory to that of the Democrats in the White House. Moreover, as the new Congress has just begun operation, neither Mitchell nor Pelosi can be sure how many congressmen in the Senate or the House are interested in imposing sanctions on China.

#### Anti-China Congresswoman Pelosi's Intentions

When asked for an explanation, Nancy Pelosi, the anti-China congresswoman, said repeatedly that Beijing "will accept" the additional conditions. Of course, her purpose was to undermine current U.S.-Chinese relations. But once Beijing refuses to "accept" the conditions and take retaliatory measures in the economic and trade fields, she will surely lose the game, which is based on "linking the human rights issue with economy and trade." Both political and industrial circles of the United States have estimated that even if China's MFN status is discontinued, which may make China suffer setbacks in foreign trade, China's economy can still develop.

Economic contacts and trade between China and the United States have successfully replaced the China-U.S.-USSR "triangular strategic relations" of earlier years and become the foundation of U.S.-Chinese relations. This foundation has become more stable since the 1990's because of the U.S. economic situation. The fact that big enterprises of the United States have made positive efforts to persuade the Clinton administration and put pressures on it by opposing the "additional conditions" is enough to resist and offset the anti-China forces in U.S. political circles. If U.S.-Chinese relations continue to develop steadily in the coming year, the MFN status can still be extended next year and in the future, even if small clashes appear between the two countries. In U.S. diplomacy, the economic interests of the state cannot be sacrificed merely for empty "human rights." Even in the years when the United States was in the prime of life, Washington was still reluctant to give up economic and strategic benefits merely for certain ideological concepts.

#### Important Factors for Stabilizing Sino-U.S. Relations

It is impossible that China, a big country with a large population mainly relying on its own efforts in economic development, will yield to the United States. Still less will it satisfy the unreasonable hegemonist demands. In

international contacts, if we still believe that the principles of seeking common ground while reserving differences and equality and mutual benefit are in conformity with the long-term interests of the two peoples, there will still be many things to do between China and the United States. For example, the visit to China by the U.S. congressmen by invitation will surely play a positive role in promoting the mutual understanding between both sides and eliminating their misunderstandings.

Moreover, there are also many other important factors for stabilizing Sino-U.S. relations, such as expanding U.S. enterprise investment in China, promoting economic cooperation between both sides, and appropriately and rationally opening China's market. These positive actions will suit the needs of the objective situation better than concentrating one's attention on the several additional conditions put forth by Clinton.

Although hegemonism is bent on subjugating our country, it has begun to take a down turn. The days are coming quietly in the 1990's when big enterprises in the United States are trying to shake off the yoke of hegemonism to seek subsistence through their own efforts. This important change is conducive to the stability and development of U.S.-Chinese relations. The decision of the Clinton administration has undoubtedly laid bare the intentions of hegemonism. However, we still doubt whether it can play a decisive role!

### Central Eurasia

#### Georgia's Shevardnadze Completes Official Visit

OW0406145693 Beijing XINHUA in English  
1421 GMT 4 Jun 93

[Text] Dalian, June 4 (XINHUA)—Eduard Shevardnadze, Georgian head of state and chairman of the Supreme Soviet, and his wife and their party left here for home by special plane this afternoon at the end of their official visit to China.

They were seen off at the airport by He Guangyuan, chairman of the Chinese Government reception committee and minister of the machine building industry, Gao Guozhu, deputy governor of northeast China's Liaoning Province, and Bo Xilai, mayor of Dalian City.

Shevardnadze and his party arrived here from Beijing Thursday [3 June] afternoon. That evening both Gao and Bo met with the Georgian guests and briefed them on the situation in the province and the city.

The Georgian head of state and his party visited the Dalian Economic and Technological Development Zone, the Dalian harbor, an agricultural and trade market, a factory and a village on the suburbs of the city earlier today.



### Returns to Georgia

OW0506122293 Beijing XINHUA in English  
0902 GMT 5 Jun 93

[Text] Moscow, May 5 [date as received] (XINHUA)—President of the Georgian Republic Eduard Shevardnadze said upon returning to his country that he was very happy about his visit to China.

Talking to Xu Zhijing, charge d'affaires ad interim of the Chinese Embassy in Georgia, he said China's north-eastern city of Dalian impressed him the most.

During the visit, China and Georgia signed 20 cooperation agreements.

This was his first visit to China since he was sworn in as the head of state of Georgia.

### PRC-Russian Railway Under Construction

OW0506123393 Beijing XINHUA in English  
0825 GMT 5 Jun 93

[Text] Changchun, June 5 (XINHUA)—A railway linking China's northeast and the far-east region of Russia is being constructed, to meet demands of the increasing border trade between the two countries.

The Tumen-Maharino line, totaling 103 kilometers, starts from Tumen in Jilin Province's Yanbian Korean Autonomous Prefecture and passes via Huichun at the Sino-Russian border into Russia.

So far tracks have been laid for more than 40 kilometers. The railway will be completed in November this year.

It was agreed last year that China and Russia will construct the sections of the railway within their own territories and form a shareholding company to manage it.

China and Russia will each be responsible for half of the total investment, 175 million U.S. dollars, on a 50-year basis.

The railway is an important part of the Northeast Asia railway system connecting China, Mongolia, the Democratic People's Republic of Korea and Russia.

Experts say that with an annual transportation volume of three million tons on the railway, 10.7 million U.S. dollars can be made.

The lucrative prospect has attracted many investors from both home and abroad. Some companies from Japan, Hong Kong and Singapore have offered to invest.

### Reportage on Russian Constitutional Congress

#### '30,000' Protest Congress

OW0506212193 Beijing XINHUA in English  
1551 GMT 5 Jun 93

[Text] Moscow, June 5 (XINHUA)—Some 30,000 residents demonstrated in the center of Moscow today to protest the ongoing Constitutional Assembly called by President Boris Yeltsin.

The protesters, responding a call by the Russian National Salvation Front and other opposition parties, marched in the rain through a main street in the city to the Belarus Railway Station.

As the debate at the Constitutional Assembly for a new constitution went on in the Kremlin, protesters in the streets held up banners reading "All Power Belongs to the People" and "All Power Belongs to the Soviet."

Addressing the rallies, Ilya Konstantin, chairman of the Salvation Front and leaders of the Constitutional Democratic Party and the Labor Russia Party all opposed the draft constitution proposed by Yeltsin, calling unconstitutional the adoption of a new constitution through a Constitutional Assembly.

The protest, approved by the Moscow city authority, ended peacefully at 15:00 local time.

#### Khasbulatov Walks Out

OW0506212293 Beijing XINHUA in English  
1600 GMT 5 Jun 93

[Text] Moscow, June 5 (XINHUA)—President Boris Yeltsin said here today that the walkout by parliament Speaker Ruslan Khasbulatov and 49 people's deputies from the Constitutional Assembly was a "premeditated provocation".

The incident occurred after Khasbulatov's request to speak was turned down by the assembly chairman.

Speaking to reporters after today's session of the assembly, Yeltsin said their walkout would not affect the assembly and the session had run successfully.

Appealing for calm among the other 650 delegates, Yeltsin said he believed some deputies would return to the assembly and it would conclude on June 16 as scheduled.

Deputy Prime Minister Sergey Shakhrai said today's incident would not affect the assembly as absolute unanimity had not been expected.

Constitutional Court Chairman Valeriy Zorkin called on all attending not to forget the incident but said he would continue to stay in the assembly.

Former acting Prime Minister Yegor Gaydar claimed the incident would be beneficial only to those who did not want a stable Russia.

However, Vice President Aleksandr Rutskoy's People's Party of Free Russia issued a statement today denouncing the assembly for depriving Khasbulatov of a chance to speak. Forbidding debates violated the established democratic principles, it said.

#### **Khasbulatov Defends Walkout**

*OW0506212393 Beijing XINHUA in English  
1710 GMT 5 Jun 93*

[Text] Moscow, June 5 (XINHUA)—Russian parliament Speaker Ruslan Khasbulatov today defended his walkout from the Constitutional Assembly, saying that the assembly's disrespect had forced him to do so.

Khasbulatov walked out of today's session of the assembly this morning when his requests to speak were turned down.

On President Boris Yeltsin's accusation of "premeditated provocation", he said at a press conference that he had no intention to disrupt the session.

He said that the parliament entrusted him to speak at today's session to seek common grounds between the parliament and Yeltsin on a new constitution after Yeltsin had introduced his proposed draft constitution, which the parliament thought "antagonistic."

The parliament speaker called on the assembly to draw a lesson from today's incident so as to speed up the adoption of a new constitution.

#### **Deputies Issue Demands**

*OW0606223593 Beijing XINHUA in English  
1646 GMT 6 Jun 93*

[Text] Moscow, June 6 (XINHUA)—The Russian parliament issued a statement today saying that many people's deputies will boycott the present Constitutional Assembly if they and other concerned people would not be allowed to have their say.

Deputies demanded in the statement that plenary sessions be held to discuss the constitutional issue freely and that the results of discussions at the Constitutional Assembly be submitted for debate by the Supreme Soviet and the Congress of People's Deputies.

Otherwise, they stated, they would refuse to attend the assembly dominated by President Boris Yeltsin, who they say is introducing a dictatorship in the country.

At the first session of the assembly on Saturday [5 June] attended by more than 700 delegates, the chairman and Yeltsin had refused to let his chief rival, parliamentary Chairman Ruslan Khasbulatov, speak.

The statement says Yeltsin's manner had "roughly disrupted some attendants' efforts to bring the Constitutional Assembly into a democratic consultation" on the country's constitutional principles.

It also called on the Russian people to help protect the state's political system and their own rights at this "critical moment when democracy is being menaced".

#### **Northeast Asia**

##### **NPC Official Tian Jiyun Leaves for ROK**

*OW0606095593 Beijing XINHUA in English  
0924 GMT 6 Jun 93*

[Text] Tianjin, June 6 (XINHUA)—Tian Jiyun, vice-chairman of the Standing Committee of the National People's Congress (NPC), left here by air today for an official friendship visit to the Republic of Korea.

Tian, invited by Hwang Nak-chu, vice-speaker of ROK National Assembly, was seen off by Cao Zhi, secretary-general of the NPC Standing Committee, and Kim Ha-chung, minister of the ROK Embassy in China.

##### **Arrives in Seoul**

*OW0606092593 Beijing XINHUA in English  
0854 GMT 6 Jun 93*

[Text] Seoul, June 6 (XINHUA)—Tian Jiyun, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), arrived here Sunday [6 June] for a week-long good-will visit to South Korea.

Tian's visit is the first official contact between the Chinese NPC and South Korean National Assembly since the establishment of diplomatic relations between the two countries last August.

South Korean President Kim Yong-sam, Prime Minister Hwang In-song, National Assembly Speaker Yi Man-sup and ruling Democratic Lieberal Party Chairman Kim Chong-pil will meet Tian respectively.

During his stay in South Korea, Tian will also tour industrial cities of Incheon, Taegu and Taejon, and deliver two speeches on China's reform and opening-up policies and the situation in China.

##### **Commentary on Qian Qichen's Visit to the ROK**

*SK0706001393 Beijing China Radio International  
in Korean 1100 GMT 1 Jun 93*

[Station commentary]

[Text] Qian Qichen, PRC vice premier and foreign minister, and his entourage successfully ended their 26-29 May visit to the ROK at the invitation of Foreign Minister Han Sung-chu. Foreign Minister Qian Qichen and his entourage left Seoul on 29 May for a visit to Japan.

This was the PRC vice premier's first visit to the ROK since diplomatic relations were established in August 1992. During his visit, Foreign Minister Qian Qichen exchanged views and shared opinions with ROK President Kim Yong-sam and Foreign Minister Han Sung-chu on bilateral relations and international and regional

issues of common concern. Foreign Minister Qian Qichen said in a news conference on 27 May that this was a successful visit.

Regarding bilateral relations, the two sides agreed in the talks that for the PRC and the ROK to develop mutual relations not only coincides with the interests of the two countries but is also beneficial to peace and security in the Korean peninsula, Northeast Asia, and the Asian region. The two sides shared the opinion that the PRC and the ROK have great potential for cooperation because they have geographical advantages and because their economic and trade structures are mutually supplementary. They agreed that the two countries should have closer economic ties based on equality and reciprocity and that they should promote cooperative relations in science and technology.

Regarding the Korean peninsula issue, the two sides said that they welcomed the satisfactory progress made recently in resolving the DPRK's nuclear inspection issue and agreed that it should be resolved in a friendly manner through negotiations and dialogue. Foreign Minister Qian Qichen reiterated the PRC's position that it is opposed to resolving this issue through pressure and sanctions. He added that dialogue about the nuclear issue on the Korean peninsula should be held between the DPRK and the United States, North and South Korea, and the DPRK and the International Atomic Energy in order to make progress in resolving this issue.

Saying that the PRC sincerely hopes that the situation on the Korean peninsula will be eased and stabilized, Foreign Minister Qian Qichen stressed that the PRC is not only opposed to nuclear proliferation but also does not want either side on Korean peninsula to own nuclear weapons.

During Foreign Minister Qian Qichen's visit, the PRC and ROK Governments signed a maritime agreement. With Vice Premier Qian Qichen's visit to the ROK, we are confident that the development of PRC-ROK mutual interests and bilateral relations and the regional peace and security will be further promoted.

#### **Jiang Zemin Receives ROK Envoy's Credentials**

SK0506073693 Seoul YONHAP in English 0707 GMT 5 Jun 93

[Text] Beijing, June 5 (YONHAP)—South Korean Amb. [Ambassador] to China Hwang Pyong-tae paid a courtesy call on Chinese President Jiang Zemin at the Great Hall of the People Saturday and presented his credentials.

While meeting Hwang, Jiang expressed his satisfaction about rapid ties between the two countries since August last year when they established official relations and asked the envoy to make further efforts to help promote bilateral cooperation.

Highly evaluating the reforms pushed by the new government in Seoul, Jiang learnedly expressed his hope for making a visit to Korea in the near future.

Meanwhile, diplomatic sources here evaluated the fast presentation of credentials by Hwang as a good symbol of growing ties between Seoul and Beijing.

It takes normally one month or more for a foreign envoy to present credentials to the Chinese Government, the sources explained.

#### **DPRK Requests Working Meeting With ROK**

OW0406222693 Beijing XINHUA in English 1546 GMT 4 Jun 93

[Text] Pyongyang, June 4 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today again called on the Republic of Korea for a working meeting next week to discuss an exchange of special envoys.

In a telephone message to Prime Minister Hwang In-song in the South, DPRK Premier Kang Song-san suggested that the working contact be held on June 8 at the truce village of Panmunjom.

The KOREAN CENTRAL NEWS AGENCY quoted Kang as saying that the meeting should only discuss the timetable and security affairs concerning the exchange of special envoys at deputy prime minister level.

Kang was responding to a suggestion by Hwang on Wednesday [2 June] that the working meeting also discuss the Korean peninsula's nuclear issue.

Since the DPRK first proposed on May 25 that the North and South exchange special envoys at deputy prime minister level, the two sides have exchanged several rounds of telephone messages.

The South said it welcomed the meeting with the request for it to include talks on the nuclear issue.

Kang stated that as soon as the North and South have exchanged special envoys, "a wide path would be opened which would enable a quick, satisfactory and final settlement of the problems between the North and the South," and would also "make a breakthrough" for realizing denuclearization and peace and peaceful reunification of the Korean peninsula.

Inter-Korea dialogue stalled in January due to a dispute over the nuclear issue.

The DPRK in March declared it would withdraw, as from June 12, from the Nuclear Non-Proliferation Treaty in protest at demands that it open two military sites suspected of hiding nuclear materials for international inspection.

#### **NPC Official Receives Japanese Junior Chamber**

OW0706095693 Beijing XINHUA in English 0839 GMT 7 Jun 93

[Text] Beijing, June 7 (XINHUA)—Cheng Siyuan, vice-chairman of the Standing Committee of the National



People's Congress (NPC), said here today that economic cooperation between China and Japan should be enhanced.

Meeting with a delegation of Japan Junior Chamber, Inc. this afternoon in the Great Hall of the People, Cheng extended welcome to the 57-member delegation on behalf of the NPC.

The delegation is headed by the chamber's President Nobuhiro Okada. The president said his visit is aimed to have a better understanding of China's current situation of reform and opening to the outside and explore new ways for further economic cooperation with China.

The delegation arrived in Beijing Sunday [6 June] at the invitation of the All-China Youth Federation and during their week-long visit, the delegation will visit Xian, capital of northwest China's Shaanxi Province, and China's largest industrial city of Shanghai.

#### **New Ambassador Visits Japanese Prime Minister**

*OW0706042593 Beijing XINHUA Domestic Service in Chinese 1037 GMT 28 May 93*

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 28 May (XINHUA)—Japanese Prime Minister Kiichi Miyazawa met with Xu Dunxin, the new Chinese ambassador to Japan, at the Diet today. The two conducted friendly and cordial talks.

During the meeting, Xu Dunxin conveyed President Jiang Zemin's and Premier Li Peng's regards to Miyazawa. Miyazawa expressed his thanks and asked Xu Dunxin to convey his regards to the Chinese leaders.

During their talks, Miyazawa again thanked the Chinese Government and the Chinese people for their warm welcome and hospitality when the Japanese emperor and empress visited China last fall. Miyazawa said: The complete success of the visit by the emperor and empress to China has had an important impact on the further development of Japanese-Chinese relations.

#### **Japanese Delegation Visits Jilin Province**

*SK0706083593 Changchun JILIN RIBAO in Chinese 14 May 93 p 1*

[Text] A 14-member inspection group of the Japanese international organization for joining foreign countries in accomplishing projects arrived in Changchun on 11 May to pay a three-month investigation visit. The investigation work for the project of improving the auxiliary projects for the Qian Gorlos irrigated area started in 1992. Chinese and Japanese experts jointly undertook the investigation work, and two investigations were conducted for the last time. On the evening of 12 May at Nanhu Guesthouse, Yang Qingcai, deputy secretary general of the provincial government, met with the Japanese guests. Yang Qingcai introduced to the Japanese guests the province's situation in reform, opening up, and

industrial and agricultural development; and expressed heartfelt thanks to the Japanese side for its efforts to conduct the investigation before the project. He also exchanged opinions with the Japanese guests on the prospects for further cooperation and development of the Qian Gorlos irrigated area.

### **Southeast Asia & Pacific**

#### **Discipline Inspection Group Visits Vietnam**

*OW0606092993 Beijing XINHUA in English 0859 GMT 6 Jun 93*

[Text] Hanoi, June 6 (XINHUA)—A Chinese Communist Party delegation ended its visit to northern Vietnam and left for Ho Chi Minh City (Saigon) by air today.

The delegation, of the Chinese Communist Party Central Commission for Discipline Inspection, is led by Hou Zongbin, deputy secretary of the commission.

During its stay here, the group held talks with a delegation of the Vietnamese Communist Party Control Commission. The two sides exchanged information and experience on party discipline inspection work carried out at a time when both countries are undergoing reform and an opening-up process.

Le Phuoc Tho, member of the Vietnamese Communist Party Politburo, met with the delegation on Saturday.

The Chinese delegation arrived here on May 31 and will end its trip on June 9.

#### **Sports Official Meets Thai Prime Minister**

*OW0706022693 Beijing XINHUA Domestic Service in Chinese 1311 GMT 27 May 93*

[By reporter Shao Linming (6730 2651 6900)]

[Text] Bangkok, 27 May (XINHUA)—At a meeting here today with Wu Shaozu, minister of the Chinese State Physical Culture and Sports Commission, Thai Prime Minister Chuan Likphai said that if China can succeed in its bid to host the 27th Olympic Games in 2000, it will be an honor for the people of Asia.

During the meeting, Prime Minister Chuan inquired about progress in Beijing's bid to host the Olympic Games and said that China possesses the proper requirements to host the games.

Wu Shaozu briefed the Thai prime minister about the development of sports in China and its determination to bid to host the games.

Prime Minister Chuan praised China's achievements in promoting sports, and thanked Chinese coaches for helping train Thai athletes. He expressed hopes for further cooperation and exchange between the sports circles of the two countries.

Wu Shaozu and his party arrived in Thailand on 26 May at the invitation of Thoetphong Chaiyanan, minister attached to the office of the prime minister.

#### **PRC, Thailand Agree on Antinarcotics Hotline**

OW0606044893 Beijing XINHUA in English  
0357 GMT 6 Jun 93

[Text] Bangkok, June 6 (XINHUA)—The Thai police department's Narcotics Suppression Bureau and China's National Narcotics Suppression Council have set up a hotline to coordinate their crackdown on the drugs trade.

Bureau Commissioner Pol Lt-Gen Kowit Phakdiphum, who returned here Saturday [5 June] after meeting with Chinese officials in China's Yunnan Province, said the hotline would start operating next Monday, Radio Thailand reported today.

During the meeting in Yunnan, the commissioner said both Thai and Chinese anti-narcotics officials agreed that drugs, especially heroin, are flowing from the Golden Triangle through Thailand and China to the world market.

The Golden Triangle covers border areas of Myanmar, Laos and Thailand, which produce several thousand tons of opium annually and is one of the largest drug-producing bases in the world.

He said the two sides agreed to set up the hotline after consulting on how to suppress and prevent drug trafficking.

Both sides agreed to exchange information through the hotline and to coordinate investigations of drug trafficking cases between the two countries despite the lack of extradition treaty, he said.

#### **Reportage on Aftermath of Cambodian Election**

##### **Spokesman on Sihanouk's Plan**

OW0506024193 Beijing XINHUA Domestic Service  
in Chinese 0210 GMT 5 June 93

[Text] Beijing, 5 June (XINHUA)—A spokesman of the Chinese Foreign Ministry said today that it is hoped that all Cambodian factions will attach utmost importance to the national cause and work together in bringing about national reconciliation and rebuilding their country.

A reporter asked: Prince Sihanouk has announced that he will abandon the decision to form a coalition government of the Cambodian People's Party and the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia party [FUNCINPEC]. What is your comment?

The spokesman said: "Prince Sihanouk has played a major role in promoting peace and national reconciliation in Cambodia. We appreciate the positive efforts he has made in this regard. It is hoped that all Cambodian factions will attach utmost importance to the national cause, safeguard peace and stability in Cambodia, and

work together in bringing about national reconciliation and rebuilding their country."

#### **Sihanouk 'Ready' Again To Lead**

OW0506131993 Beijing XINHUA in English  
1306 GMT 5 Jun 93

[Text] Phnom Penh, June 5 (XINHUA)—Prince Norodom Sihanouk told the Cambodians today that he was ready to again try to lead an interim coalition before formation of a new government following the U.N.-sponsored elections.

"I want to form a temporary government in order to carry this difficult time through to the new era," Sihanouk said in a nationwide radio broadcast.

Sihanouk announced Thursday [3 June] that he was leading an interim government joining the Phnom Penh authorities and the FUNCINPEC party, victor in the voting of the elections.

But he dropped the plan the next morning after his son Prince Norodom Ranariddh, who leads FUNCINPEC, said he wanted more power for his party in the arrangement because it won the election.

Sihanouk switched his position again today.

#### **Sihanouk Waiting for Reaction**

OW0506212493 Beijing XINHUA in English  
1518 GMT 5 Jun 93

[Text] Phnom Penh, June 5 (XINHUA)—Prince Norodom Sihanouk told the Cambodians today that he was ready to try again to lead an interim coalition before formation of a new government following the U.N.-sponsored elections.

"I want to form a temporary government in order to carry this difficult time through to the new era," Sihanouk said in a nationwide radio broadcast.

He said that he was expanding an earlier proposal to form a bipartite coalition between the country's two main political parties, the Cambodian People's Party and the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], to include the opposition Buddhist Liberal Democratic Party.

"FUNCINPEC does not yet agree. I am waiting for FUNCINPEC," he said.

Sihanouk said that only the refusal of FUNCINPEC party led by his son, Prince Norodom Ranariddh, prevented the formation of a reconciliation government after the elections.

"If FUNCINPEC grants full powers to Prince Norodom Sihanouk, I will organize a new government within one or two days," he said in a 45-minute radio address.



Sihanouk announced Thursday [3 June] that he was leading an interim government joining the Phnom Penh authorities and the FUNCINPEC party, victor in the voting of the elections.

But he dropped the plan the next morning after his son Prince Norodom Ranariddh, who leads FUNCINPEC, said he wanted more power for his party in the arrangement because it won the election.

Sihanouk switched his position again today.

### **Commentary on Cambodian General Election**

*OW0706052193 Beijing China Radio International in Mandarin to Asia 0900 GMT 5 Jun 93*

[Wang Lingta commentary; from the "Report on Current Events" program]

[Text] On 3 June, a spokesman of the United Nations Transitional Authority in Cambodia [UNTAC] announced at a news briefing in Phnom Penh that the vote-counting for Cambodia's general election basically had been completed. The parties concerned believed that a victory by FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], led by Prince Sihanouk's son, Ranariddh, in this election would be an inevitable outcome. This party won about 45.3 percent of votes; the Cambodian People's Party [CPP] of the Phnom Penh regime won 38.6 percent; and the Buddhist Liberal Democrat Party [BLDP] under Son Sann won 3.3 percent. It is expected that FUNCINPEC will win 57 out of 120 parliamentary seats; the CPP, 52; and the BLDP, 10.

This is the first general election held in Cambodia in 28 years, and it was organized by UNTAC in accordance with the provisions of the Paris peace accord. The Cambodian people's patriotic passion and strong aspiration for peace were fully reflected in the election. During the 23-28 May voting period, 90 percent of some 4.7 million of registered voters cast their ballots. The enthusiastic turnout of voters was unprecedented in Cambodian history.

Although Democratic Kampuchea did not participate in this election, the election as a whole basically went smoothly. There was no serious political violence or large-scale sabotage. The CPP of the Phnom Penh regime did not totally negate the election, despite raising some objections against the voting in some provinces. Therefore, representatives of the five permanent members of UN Security Council [UNSC] to Cambodia's Supreme National Council [SNC] said after the election: This election represents the Cambodian people's aspiration. It is hoped that all parties in Cambodia will respect the people's choice. UNTAC chief Akashi announced on behalf of UN Secretary General Butrus-Ghali that the election was fair and free.

Cambodia's election has drawn the world's attention and received positive reaction to its results. The UNSC

unanimously adopted a resolution on 2 June that calls on the Cambodian parties to fully respect the election results and to bring about the peaceful establishment of a democratic government according to the new constitution. The resolution also urges the international society to contribute actively to the rebuilding of Cambodia.

China believes that this election is an important step toward restoring peace in Cambodia and is crucial to the future and destiny of Cambodia and its people. It hopes that Cambodia will smoothly draw up a constitution and form a new government. Indonesia, Japan, the United States, and France urged all Cambodian parties to accept the election results.

Now the problem is how a coalition government should be formed. On the afternoon of 3 June, Prince Sihanouk delivered a speech to fellow countrymen, announcing that, at the request of FUNCINPEC and the CPP—the country's two main political parties—he would form a national government and formally assume the posts of head of state, chairman of the Council of Ministers of the national government, and supreme commander of the Cambodian Armed Forces. However, in his letter to FUNCINPEC Chairman Prince Ranariddh that evening, he said that the only reason he agreed to form a coalition government on 3 June was to avoid bloody clashes that he could foresee with the Phnom Penh regime. However, some Cambodians and UN personnel maintained that the government he was going to lead would have no legal basis. As a result, Prince Sihanouk said that he gave up his intention to form and lead the government. He added that the present Phnom Penh regime and FUNCINPEC should assume all responsibility for whatever bloody and tragic events that may happen to Cambodia and its unfortunate people in the future.

Undoubtedly the change in the development of the situation has brought about some uncertain factors to post-election Cambodia. At any rate, however, national reconciliation is the only foundation for solving the Cambodian question. It embodies the Khmer nationality's supreme interests and conforms to the common aspirations of people throughout Cambodia.

### **Near East & South Asia**

#### **Qian Qichen: No Missile Sales to Iran, Syria**

*OW0606153193 Beijing BEIJING REVIEW in English No 22, 31 May-6 Jun 93 pp 6, 7*

[By staff reporter Xiong Zhou: "No Missiles Sold to Iran, Syria"]

[Text] Chinese Foreign Minister Qian Qichen on May 20 promised his Israeli counterpart Shim'on Peres that China will not sell missiles to Iran and Syria, and said that China has not sold missiles to this region in the past.

Qian said that China does not want to put obstacles in the way of the Middle East peace process.

As a permanent member of the United Nations Security Council, China will continue to make efforts to promote the peace process in the Middle East, he said.

Peres arrived in Beijing on May 19 on a six-day official visit to China. This is his first trip to China since he became foreign minister last July. During his trip, Peres signed a cultural agreement with Chinese Culture Minister Liu Zhongde, and visited Beijing University where delivered a speech. He also visited a Jewish residential area in Shanghai.

Peres came to China after ending a trip to India. Twelve Israeli businessmen accompanied Peres and explored trade and investment opportunities. China established ties with Israel in January last year and Peres is the third Israeli senior official to visit China. His predecessor, David Levy, signed a document on the normalization of relations between the two countries. Israeli President Hayim Herzog visited China last December.

The normalization of Sino-Israeli ties is a reflection of the pragmatic foreign policy which China has adopted in recent years. China stresses abandoning ideological obstacles and expanding foreign relations for trade and technological cooperation.

Qian said that exchange visits and cooperation in various fields between the two sides have had a good start. He hoped that bilateral cooperation will continue to be expanded.

Qian told Peres that China is now conducting economic construction on a large scale under the principle of opening to the outside world. China is a huge market, and he welcomed Israeli businessmen to invest and do business in China.

Peres said that China's great changes and development have made a deep impression on him. Israel is willing to make joint efforts with China to strengthen cooperation, he said.

Regarding Middle East issues, Peres briefed Qian on the ninth round of the Middle East peace talks in Washington. He said that the negotiation has made progress, and that the policy of engaging in peace talks will not be changed.

Qian said that there are many "hot spots" in the world. History shows that these "hot spots" cannot be cooled down through confrontation, but can only be settled through negotiations.

Qian noted the peace talks, even without major progress, have continued since the opening of the Middle East Peace Conference in Madrid. He believed that a positive result will be worked out if the talks continue.

Qian noted that China maintains good relations with both the Arab and Israeli sides.

Now is the right time to promote Middle East peace talks, and it [China] has consistently advocated reaching a political settlement of Middle East issues and has supported the peace process, the Chinese official added.

#### **Chen Jinhua, Indian Commerce Minister Meet**

*BK0506050293 Delhi Doordarshan Television Network in English 1615 GMT 4 Jun 93*

[Text] India and China are to maintain regular contacts in the field of planning. This will be done on an institutionalized basis at the level of planning commissions of the two countries. This was decided during the talks between the deputy chairman of the Planning Commission and commerce minister, Mr. Pranab Mukherjee, and the chairman of the planning commission of China, Mr. Chen Jinhua, in Beijing. The two leaders exchanged views on reorienting the planning process in the context of structural reforms and economic liberalization policies.

#### **Nepalese Premier Stresses Importance of Ties**

*OW0606173093 Beijing XINHUA in English 1455 GMT 6 Jun 93*

[Text] Kathmandu, June 6 (XINHUA)—The Nepalese Government attaches great importance to the relations between Nepal and China.

Nepalese Prime Minister Girija Prasad Koirala expressed the point here this afternoon on the occasion of the 46th anniversary of the Nepal Council of World Affairs.

Koirala said that the core of Nepalese foreign policy on the more immediate practical side is the friendships with India and China.

He thought that China is poised to play crucial role in the emerging Asia-Pacific region like Japan.

"I believed that relations with China, as with India, needed fresh attention," said the prime minister.

Koirala recalled the last visit to China and said that he returned satisfied with the state of Sino-Nepalese friendship and with assurances of not only continuing but also increased economic cooperation between Nepal and China.

As for the present world situation, he believed that the quality of the new international order would be determined by the quality of interaction between North and South and between the three evolving political and economic power centers of the United States, the Asia-Pacific region and the European Community.

Koirala also stressed the role of the United Nations in the post-cold war world.

"Relaxation in dominant superpower confrontation has been succeeded by a spate of regional tension and flare-ups. The United Nations has become critically important in this context for peace, security and development," said the prime minister.

**Political & Social****Six Demonstrators Reportedly Arrested in Tibet***HK0406130193 Hong Kong Television Broadcasts Limited in English 1200 GMT 4 Jun 93*

[From the "News at 8:00"]

[Text] Six people reportedly have been arrested following another anti-Chinese demonstration in the Tibetan capital of Lhasa. Witnesses said that the protest was a small one and there was no violence.

There have been several rallies against Chinese rule in Tibet since police fired tear gas to quell a major demonstration late last month.

**Han 'Moderate' Replaced in Tibetan Reshuffle***HK0706012493 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 93 p 7*

[Article by Willy Wo-lap Lam]

[Text] A moderate Han-Chinese leader in Tibet has been recalled to the central government in an apparent effort by Beijing to reshuffle the administration of the troubled region.

Mao Rubai, First Vice-Governor and Vice-Party Secretary of Tibet since the mid-1980s, has been appointed a Vice-Minister of Construction in the State Council. One of the most powerful figures in the autonomous region, Mr Mao is, arguably, Beijing's most experienced Tibet hand. He is a meteorologist by training and has worked in the region for nearly 30 years.

"Mao Rubai has spent most of his time in Beijing for the past six months, but he returned to Lhasa at the time of the visit of the delegation from the European Community late last month," a source said. "Mao, in charge of development and foreign trade, is considered a liberal in economic matters, while toeing the party line on ideology."

China analysts said, while his move to the construction ministry was, technically, a "lateral transfer", it could be considered a demotion because his new position was clearly less important than the old one. They said, while it was likely the decision to transfer him to Beijing was made this year, Mr Mao could be held responsible for the recent spate of demonstrations.

Tibet experts said the departure of Mr Mao could mean power would accrue to new party secretary Chen Kuiyuan. While Mr Chen did not come to Lhasa until early 1992, when named a Vice-Party Secretary, he has rapidly assumed the reputation of a tough disciplinarian. It is believed that Mr Chen last year masterminded a purge of local cadres, especially Tibetans, whose loyalty to the central government was deemed questionable.

"Beijing has repeatedly publicized moves to promote ethnic-minority cadres to senior positions in regions including Tibet," a Chinese source said. "Given the long-standing ethnic troubles in Tibet, however, power will likely stay in the hands of Han-Chinese cadres, as well as party leaders in Beijing."

The source said Mr Chen's predecessor as regional party secretary, Politburo member Hu Jintao, had played a key role in Beijing's Tibet policy since signs of instability re-surfaced in the spring. Moreover, leaders of the Tibetan division of the army and the People's Armed Police, who are Han-Chinese, have also had a larger say in administration. Western diplomats said the Governor of Tibet, Gyaincain Norbu, did not seem to have as much power as his Han-Chinese colleagues in the party, government or army.

Meanwhile, the New China News Agency (NCNA) [XINHUA] reported yesterday that there were 2.28 million ethnic-minority cadres across the country, up from around 10,000 in 1950.

**Tibet People's Deputies Discuss Improving Stability***OW0406200193 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 4 Jun 93*

[From the "Tibet News" program]

[Text] On the afternoon of 3 June, the autonomous regional people's congress Standing Committee invited some regional people's congress deputies to hold a discussion meeting. They discussed ways to further exercise their constitutional rights; to improve Tibet's stability; to accelerate reform, opening up, and economic progress; and to upgrade the people's standard of living.

Puqung, vice chairman of the autonomous regional people's congress, chaired the meeting. He gave a brief report on Tibet's new situation and the new issues arising from the transformation of economic systems. He said: While establishing a socialist market economy, we should properly publicize related work and educate the broad masses to safeguard the stable environment that has been achieved through great efforts and to seize good opportunities for development.

Also speaking at the meeting were (Yi Xi), deputy director of the office of the autonomous regional people's congress Legislative Affairs Commission; (Nie Zhicheng) and (Yixi Danzim), members of the autonomous regional people's congress Standing Committee; Luosang, deputy to the National People's Congress and director of the Lhasa Municipal Housing Committee; (Wang Xiaoruo), deputy to the autonomous regional people's congress and a professor at Tibet University; and (Xiren Dezi), deputy to the autonomous regional people's congress and director of the (Chengguan) District's (Lugu) Neighborhood Committee.



They unanimously held: While accelerating the pace of reform, opening up, and economic progress, we should pay attention to maintaining social stability. Without a stable social environment, we cannot successfully carry out socialist construction, and we cannot further improve the people's standard of living. We resolutely oppose [jian jue fan dui] any behavior that disturbs or hampers [rao luan po huai] social stability, public order, and economic progress, or that harms the legitimate rights and interests of the masses. We must be level-headed and resolutely oppose any form of illegal activity.

The attendees fully appreciated the good conditions available under the correct guidance of the party and government. The good conditions include a stable political situation in Tibet, the masses' ability to live and work in peace and contentment, and economic and social progress. Meanwhile, they also pointed out: As economic restructuring has continually deepened, new situations and new problems, including extremely rapid increases in commodity prices, have arisen. They contended: Following the establishment and improvement of the socialist market economy in the future, these new problems will definitely continue to be resolved.

Commenting on certain complaints about their work, they urged relevant departments to strengthen the administration of markets, to stop indiscriminate price increases and the collection of unauthorized charges, to properly perform propaganda and educational work, and to do more realistic work for the people. While implementing the party's line and general and specific policies, various units should take overall interests into account, think like the masses, and develop the concept of serving the people.

At the close of the meeting, Vice Chairman Puqung gave a summary speech. He said: While accelerating economic progress, the attendees should strive to effectively stabilize the situation; strengthen the propaganda on the legal system and ideological education; and promptly reflect the masses' opinions, wishes, and appeals. Furthermore, the attendees should give fuller play to the role of the legislative, law-enforcing, and supervisory functions of the people's congress. They should persistently uphold the policy of "grasping with two hands and being tough with both hands"; strictly crack down on all forms of crime; promptly rectify existing problems in their work; and strive to ensure that Tibet's reform, opening up, and economic development progress smoothly.

The following vice chairmen of the autonomous regional people's congress in Lhasa also attended the meeting: Sengqen Lozong Gyaincain, Pudoje, Namgyai, Samding Doje Pamo, (Deqing Juzhen), Gong Daxi, Huokang Suolang Bianba, (Tian Fujin), and (Baima Duoji).

#### **Tibet Court Official on Handling of Complaints**

*OW0506052293 Lhasa Tibet Television Network in Mandarin 1200 GMT 4 June 93*

[Interview with Basang Pengduo (1572 2718 1756 1122), vice president of the Tibetan Regional People's Court, by an unidentified male correspondent on 4 June; place not given—recorded; from the "Tibet News" program]

[Text] [Correspondent] Vice President Basang, we understand that, of late, some people have complained about a handful of units illegally imposing fees and raising prices. As a leader of the court, would you please give your views on these problems?

[Basang Penduo] Illegal fees and charges have already been banned by the central and regional authorities in explicit terms. Previously, prices in our region underwent some changes in line with the objective requirements of economic laws. Under conditions of a market economy, price changes are unavoidable. As for the problem of a few units illegally imposing charges and jacking up prices, relevant departments in the region are implementing measures to correct this. As for cases involving illegal fees and price hikes that hurt the people's interests, the people's court will deal with them on a timely basis in accordance with the law to safeguard the legitimate rights and interests of citizens and legal persons.

However, if the people have complaints and suggestions, they should voice them in an appropriate manner and report them to relevant authorities through legal channels. If they, instead of acting in accordance with the law, take illegal steps like taking to the streets without authorization, they will be violating our country's law governing assemblies, parades, and demonstrations. Such actions will not only hamper the resolution of the problem, they risk the danger of being taking advantage of by the enemy, thereby affecting the region's stability and social tranquillity. If the situation is unstable and public order in chaos, how could workers, businessmen, and students carry on their work, business, and studies? This will certainly harm the fundamental interests of the people and affect the region's economic development.

[Correspondent] What are the regulations governing assemblies, parades, and demonstrations in our country's legal code?

[Basang Penduo] According to our country's Constitution and law governing assemblies, parades, and demonstrations, and the region's and Lhasa city's procedures for implementing the law governing assemblies, parades, and demonstrations, citizens have the freedom to hold assemblies, parades, and demonstrations. However, they must apply for a permit from the Public Security Department in advance and proceed with their plans after obtaining approval. An assembly, parade, or demonstration that is held after obtaining approval must be conducted in accordance with the law. It must not obstruct

the normal operations of state organs, challenge fundamental principles of the Constitution, or harm the interests of the state and collective as well as the legitimate rights and interests of other citizens. Nor is it allowed to stop cars, hold up traffic, damage cars or traffic facilities, disturb good order in production and everyday life, interfere in normal religious activities, use force or instigate the use of force, and so on and so forth. Violators of these regulations will be dealt with by public security departments and subject to punishment by law.

[Correspondent] What ways should people take to settle problems when they feel their legitimate rights and interests are violated by illegal fees and fines and price hikes?

[Basang Penduo] In accordance with provisions of China's laws, regulations, and policies, collection of fees by organizations and departments concerned from citizens or legal persons must be done in accordance with the express provisions of the state law, regulations, and policies and receipts must be issued for fines or fees received. In case of the illegal collection of fees, citizens or legal persons may refuse to pay and ask relevant authorities to reexamine the fee in question. They may also directly file a suit with the people's court. If the case filed with the court is under the jurisdiction of the people's court, the court will promptly place it on file for thorough investigation and handle it impartially in line with the provisions of state laws. In this regard, the people's court welcomes the masses to write to us or visit us in person. People's courts at all levels will provide prompt legal consultation services to help solve their problems and protect their legitimate rights and interests.

#### Article Warns Against Illegal Rallies, Disruption

OW0606211393 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 6 June 93

[Report on article from unidentified publication by (Jia Qu), director of the Tibet Autonomous Regional Justice Department, from the "Tibet News" program: "Strengthen Awareness of Laws To Maintain Stability and Unity"]

[Text] The article says: China is a country practicing the system of a people's democratic dictatorship, and democracy is practiced among the people. China's Constitution stipulates that the citizens of China enjoy the right to freedom of speech, publication, assembly, association, procession, and demonstration. The Constitution also stipulates: All acts contrary to the Constitution and the law must be accountable. No organization or individual may enjoy the privilege of being above the Constitution or the law. The state maintains public order and suppresses treasonable and other counterrevolutionary activities. It penalizes people for criminal activities and actions that endanger public security and disrupt the socialist economy, and it punishes and reforms criminals.

The Criminal Law of China stipulates: Colluding with domestic and foreign forces in plotting to harm the sovereignty, territorial integrity, and security of the motherland; plotting to subvert the government or divide the state; and inciting the masses to resist or sabotage the implementation of the state's laws or decrees are criminal acts that violate the Criminal Law, and these acts must be accountable in accordance with the law.

The article says: The Rules of the Tibet Autonomous Region for the Implementation of the Law of the PRC on Assembly, Procession, and Demonstration clearly stipulate: In exercising their rights to assembly, procession, and demonstration, citizens must abide by the Constitution and the law; they must not violate the basic principles set in the Constitution; and they must not impair the interests of the state, the society, or the collective, or the legal freedom and rights of other citizens. No individual is permitted to use religion or other activities to organize assemblies, processions, and demonstrations that endanger national unification, unity among the nationalities, and social stability.

The Rules further stipulate: The public security organs are in charge of assemblies, processions, and demonstrations in the autonomous region. When citizens request permission to hold an assembly, procession, or demonstration, they must have a responsible individual submit an application to the proper authorities with valid identity cards five days in advance. Approval must be obtained before an assembly, procession, or demonstration takes place. The purpose, method, and slogans of assembly, procession, and demonstration; the number of people taking part in them; the type and the amount of audio equipment to be used; the time and place of assembly, procession, and demonstration, including the place of assembly and dispersal; the route of the procession or demonstration; the number of people responsible for maintaining order; and the name, profession, unit, and address of the responsible individual must be clearly written on the application.

The Rules also stipulate: Assembly, procession, and demonstration within 10-300 meters of the perimeter of the following places are forbidden without the approval of the relevant prefectural or city administrative office and people's government: 1) places where state guests are staying, 2) important military facilities, 3) important places for religious activities, 4) places where important materials are stored, and 5) airports.

Where approval is obtained via the submission of an application to the proper authorities according to the law, citizens must abide by the approved purpose, method, slogans, time, place, and route of assembly, procession, and demonstration. They must not violate the Regulations Governing Social Order or carry out criminal activities or incite people to violence. They must not obstruct transportation or destroy public facilities.

Holding an assembly, procession, or demonstration without approval, or doing so without adhering to the approved method, constitutes a violation of the law. People's police maintaining order on the scene have the right to order the dispersal of such assemblies, processions, or demonstrations. They are authorized to use forceful means to handle such situations, and public security organs are authorized to force those who resist orders to leave the scene or detain them by forceful means. Illegal acts that seriously undermine social order, national unification, or the interests of the state, the collective, or society, or those acts that constitute a crime, must be severely punished according to law.

In conclusion, the article says: Over the past 15 years since the introduction of reform and opening to the outside world, Tibet has made marked progress in developing its economy. This would not have been possible without political and social stability in the region. Here, we want to solemnly declare: If some people wish to achieve their despicable purpose by disrupting social order, the people of all nationalities in our region will not tolerate such an act. Your plots will never succeed. You will be revealed for what you are before the powerful weapon of the law, and you will come to an ignominious end.

#### **Authorities Rearrest Dissident Zhang Xianliang**

HK0706090893 Hong Kong AFP in English 0854 GMT  
7 June 93

[Text] Beijing, June 7 (AFP)—The Chinese authorities in Shanghai have rearrested leading Chinese dissident Zhang Xianliang, who had been held for 24 hours last week, his wife said Monday [7 June]. Four of Zhang's friends have also begun a hunger strike outside Shanghai's city hall to protest his arrest, Yan Huili told AFP by telephone.

"My husband was picked up Saturday at 6:30 p.m. and I don't know where they took him," Yan said, adding that she had received no word on his condition. "I believe the police are accusing him of having organized a demonstration and given interviews to foreign journalists," she said, but "No reason was given during his arrest."

Police in Shanghai, China's largest city, declined comment. "We are not up on this affair," said a police spokesman who refused to give his name.

Zhang—a 48-year-old veteran pro-democracy activist—was detained Thursday, the eve of the fourth anniversary of the Tiananmen Square crackdown, and held for some 24 hours before being released. A number of other Shanghai dissidents were also arrested around the anniversary date, their friends said.

Yan said she had no news about the hunger strikers, but a local government spokesman denied that four people were holding such a protest outside the city hall. Yan said the hunger strikers were Wang Yonggang, Yang Qingheng, Gong Xingnan and Tao Ge.

Zhang was one of the leading organizers of the Democracy Wall movement of 1978, during which he wrote celebrated essays calling for democracy in China. He was later sentenced to five years in prison for his activities. When arrested Thursday, Zhang was preparing to meet about 30 friends in central Shanghai's People's Park to commemorate the 1989 democracy movement which was ruthlessly crushed by the military on Beijing's Tiananmen Square.

Following his release Friday, he remained defiant and said he would "continue to strive for democracy." "We are demanding freedom of speech, freedom of the press, the guarantee of human rights, the release of all prisoners held for political reasons and general elections," Zhang declared.

On May 30, Zhang and nine other dissidents had signed a petition demanding the release of another activist, 41-year-old Wang Miaogen, who has been held in a psychiatric hospital since April 27. He also signed in March a petition demanding the release of two dissidents arrested for contacts with pro-democracy groups overseas.

#### **'Up to 50' Intellectuals Detained in Shanghai**

HK0706012293 Hong Kong SOUTH CHINA  
MORNING POST in English 7 Jun 93 p 8

[Text] Up to 50 dissident intellectuals in Shanghai were asked to report to police stations in a bid by local authorities to prevent them from staging activities to mark the fourth anniversary of the June 4 crackdown.

All were released after up to 24 hours of interrogation on their alleged plans to hold commemorative activities. The dissidents included about 10 members of the local Association for Human Rights, whose secretary-general, Wang Fuchen, had to field police questions for more than 20 hours.

It is understood that the association had written a letter to the Standing Committee of the National People's Congress (NPC) protesting against the alleged interference in their civil rights. The association particularly called on the NPC to investigate whether or not Shanghai police had exceeded their powers. "The police summoned the 50 dissidents for questioning under the guise of 'improving communications' with the city's intellectuals," a source said.

It is understood that one of the dissidents, Zhang Xianliang, who had been detained for 24 hours, had a week earlier written to friends saying he might hold a small gathering to mark the anniversary.

Most of those who received his letter had to report to the police station last Friday. Another local source said the authorities suspected that exiled Shanghai writer Wang Ruowang had tried to "stir up" pro-democracy activities in the run-up to the anniversary. One of Mr Wang's



former associates in Shanghai, journalist Sun Lin, is still being held after having been detained earlier in the year.

### Activists Protest Interrogations

HK0706032093 Hong Kong MING PAO in Chinese 7 Jun 93 p 8

["Newsletter from Shanghai" by Chin Pin (5367 0393): "Pro-Democracy Activists in Shanghai Write Letter to NPC, Accusing Public Security Department of Summoning Them for Interrogation in Disguised Form on 4 June"]

[Text] On the fourth anniversary of the 4 June incident, a number of pro-democracy activists in Shanghai were summoned by the public security organs for a half to a whole day in the name of "having a talk." Indignant of such a practice and believing it to be an encroachment of human rights, they wrote a letter in the name of the "Preparatory Committee for the Human Rights Association" [PCHRA] to the National People's Congress [NPC] Standing Committee yesterday, demanding that the case be investigated seriously.

A source said that some 40 to 50 people in Shanghai, including a dozen men from the PCHRA, were taken to the Public Security Bureau on 4 June. In the name of "having a talk," the public security organs interrogated them in order to prevent trouble occurring on the sensitive day.

Zhang Xianliang, a Shanghai pro-democracy activist, was put under house arrest for more than 20 hours that day. He was also "on bail awaiting trial." In order to hold a memorial meeting to mark the 4 June incident, Zhang mailed dozens of invitation letters earlier. As a result, most of those who received the letters were taken to the public security organs to "have a talk."

Moreover, Wang Fuchen, secretary general of the PCHRA, was taken to the Public Security Bureau at 0500 early in the morning of 4 June. He was interrogated about the situation of the PCHRA. He stayed in the Public Security Bureau for a whole day and was not allowed to leave until dusk.

According to another member of the PCHRA, Shanghai human rights activist Yang Zhou was also taken to the Public Security Bureau on the afternoon of 4 June for interrogation. Expressing discontent over the matter, Yang left the police station at dusk.

The source said that Shanghai pro-democracy activists were indignant at the matter. One of the persons interrogated was the boss of a fashion company. As he was taken to the Public Security Bureau for a whole day, he was suffered losses in his business.

A Shanghai pro-democracy activist said that they did not intend to create trouble on the fourth anniversary of the 4 June incident. They just wanted an indoor gathering of friends to mourn the deaths. When China was striving for the most-favored-nation [MFN] status earlier, they

did not create any trouble for the government because they also hoped that China could be granted the MFN status, which could enable the people to live in a prosperous environment. Only when the country's economy has developed can there be hope for democracy.

Viewed from the house arrest of pro-democracy activists on 4 June, he pointed out, people can hardly believe the sincerity of the Chinese Government in respecting human rights. The source continued: It is said that similar incidents also took place in Beijing.

According to another report, three Shanghai pro-democracy activists—Gao Xiaoliang, Yao Tiansheng, and Han Lide—who were arrested at the end of last month, are still detained in the Shanghai No. 1 Detention Center.

### Travel Approved for Some 'Liberal' Intellectuals

HK0706012693 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 93 p 8

[Article by Willy Wo-lap Lam]

[Text] Beijing has allowed former PEOPLE'S DAILY [RENMIN RIBAO] chief editor Hu Jiwei, a noted "bourgeois-liberal" intellectual, to go to the United States as a visiting scholar. A rebel Marxist philosopher, Zhang Xianyang, has also been permitted to go to Paris for a research fellowship.

However, several dissidents, including legal expert Yu Haocheng, still have difficulty leaving the country even for short-term scholarly activities.

Mr Hu, who lost his position as a member of the Standing Committee of the National People's Congress in 1990, said yesterday he would leave on Sunday for a two-month stint at the University of Minnesota. This is the first time the 76-year-old journalist has been allowed to go abroad since mid-1989, when he was accused of "negating party leadership". Mr Hu said: "I have been invited to do research on media theories at Minnesota. My application (for leaving China) took two months." The newsman, who had incurred the ire of party hardliners for advocating radical media reforms, said yesterday he was not aware of the fate of the proposed journalism and publishing laws, which had been delayed since the mid-1980s.

Sources in Beijing said Mr Zhang, a member of the Institute of Marxism-Leninism in the Chinese Academy of Social Sciences (CASS), had recently been allowed to take up a six-month fellowship at a leading French institute on international relations. While the rebel philosopher was not detained in the wake of the Tiananmen Square crackdown, he has been practically ousted from CASS and prevented from publishing in official journals.

Other liberal intellectuals who have secured permission to go abroad include former member of the Central

Advisory Commission Li Rui. A critic of such government policies as the Three Gorges dam project, Mr Li has left for a tour of Australia and the U.S.

However, several dissidents, including Mr Yu, have been repeatedly frustrated in their attempts to leave the country. A former director of Mass Publications, a unit under the Public Security Ministry, Mr Yu, 68, was imprisoned for 18 months after the June 4 massacre. Since his release, the constitutional scholar has received invitations from academic institutions in Hong Kong, Europe and the U.S. It is understood the authorities cited his career in the sensitive ministry as the reason for turning down his request to go abroad.

"Two weeks ago, I received a second invitation from Columbia University for a research fellowship," said Mr Yu, who is on the board of the New York-based watchdog, Human Rights in China. "I hope my new application will be successful." The scholar, who is an authority on Chinese human rights, said he had in recent months been successful in placing articles in magazines outside Beijing.

#### LIAOWANG Article on Human Rights Cited

OW0706120793 Beijing XINHUA in English 1118  
GMT 7 Jun 93

[Text] Beijing, June 7 (XINHUA)—The developing countries have made important contributions to the protection and promotion of human rights in the past decades, says a Chinese weekly.

In a signed article in its latest issue, "THE OUTLOOK" [LIAOWANG] weekly says, "people of all nations have achieved great results in their unremitting struggle for human rights for centuries."

"However, on a global scale, modern society has fallen far short of the lofty goal of securing the full range of human rights for people in the world," it says.

And that is why numerous people with lofty ideals are still working determinedly for this cause, the weekly says.

The article, "From the Tehran Proclamation to the Bangkok Declaration," was published by the weekly on the eve of the United Nations World Conference on Human Rights in the Austrian capital of Vienna.

The June 14-25 conference, the first ever in 25 years, is expected to review and assess the progress that has been made in the field of human rights since the U.N. General Assembly adopted the universal declaration on human rights in 1948.

It will examine the relations between development and the enjoyment of human rights, discuss other human rights issues and adopt "a final document".

Reviewing the progress made in the field of human rights, the outlook weekly says that the developing

countries have made important contributions to the development of the concept and connotation of human rights during the past decades, and particularly since the Tehran conference on human rights in 1968.

In the course of their struggle for national independence and economic development, the weekly says, the developing countries have gradually realized that for any country or nation, the right to subsistence is "the most important of all human rights, without which the other rights are out of the question."

They have also realized that after obtaining the right to subsistence, attention should be first given to the right to economic, social and cultural development, says the weekly.

"Therefore, the right to subsistence and the right to development are the most important and the fundamental human rights," it says.

The weekly says that "the Tehran Proclamation," which stresses the economic, social and cultural rights and anti-colonialism, has made "important supplements" to the concept and the connotation of human rights.

The document adopted at the Tehran meeting condemns the apartheid, calls for the abolition of the racist system and demands the de-colonialization.

Appraising the outcome of the meeting, the weekly says that "the Tehran Proclamation" has "a positive impact on emphasizing anti-racism, anti-colonialism and the economic, social and cultural development."

The world situation has changed greatly since the Tehran meeting, it says, but the most blatant violation of human rights, such as racial discrimination, racism, apartheid, colonialism, foreign aggression and occupation as well as the recent resurgence of neo-Nazism, and ethnic cleansings, are continuing.

"Hegemonism and power politics persist and are threatening the world peace and development," it says.

The weekly says that the interference in other countries' internal affairs and the pushing of power politics on the pretext of human rights are obstructing the realization of human rights and fundamental freedoms.

"The widening gaps between the poor South and the rich North have become the major obstacle to the realization of the right to development," it says.

In face of such a world situation, the developing countries are coordinating their position on the human rights issues, the weekly says.

It says that the three declarations adopted by countries in Africa, Latin America and Asia at their regional meetings on human rights between November 1992 and March 1993 reflected their common stand on the major human rights issues.



The three declarations are "the Tunisia Declaration," "the San Jose Declaration" and "the Bangkok Declaration."

After reviewing the great efforts and achievements made by the developing countries at the three regional meetings, the weekly says that "the Bangkok Declaration" "has made important contributions to the development of the concept and the theory of human rights."

The weekly says that the declaration has made the contributions to the development of the theory concerning the relationship between development and human rights, between the human rights and the internal affairs of a nation and between the human rights and the international peace and security.

While the developed nations insist that human rights should be promoted before the development, "the Bangkok Declaration" stresses the interdependence and indivisibility of economic, social, cultural, civil and political rights, and the need to give equal emphasis to all categories of human rights.

"The Bangkok Declaration" describes the right to development as "a universal and inalienable right and an integral part of fundamental human rights."

The declaration says that the main obstacle to the realization of the right to development lies at the international macro-economic level, as reflected in the widening gap between the North and the South and between the rich and the poor.

On the relationship between human rights and the internal affairs of nations, the Western countries try to impose their own standard for human rights on the rest of the world.

But "the Bangkok Declaration" emphasizes that national sovereignty and territorial integrity as well as non-interference in the internal affairs of states should be respected and that human rights should not be used as an instrument of political pressure.

It says that while human rights are universal in nature, they must be considered in the context of a dynamic and evolving process of international norm setting, the national and regional particularities and different historical, cultural and religious backgrounds.

Asian countries expressed in "the Bangkok Declaration" their opposition to "any attempt to use human rights as a conditionality for extending development assistance."

On relations between human rights and international peace and security, the declaration opposes the Western suggestion that a "human rights tribunal" be set up to judge abuses of human rights by individual nations.

It expresses concern over racial discrimination, racism, apartheid, colonialism, foreign aggression and occupation, and the establishment of illegal settlements in

occupied territories, as well as the recent resurgence of neo-Nazism, xenophobia and ethnic cleansings.

The "OUTLOOK" weekly concludes that the important contributions made by the developing countries to the development of the concept and theory of human rights "will go down in history of the world human rights activities."

### Deng on Posthumous Political Situation

HK0506081593 Hong Kong CHING PAO in Chinese  
No 6, 5 Jun 93 pp 26-29

[Article by Chi Yu (1323 7183), dated 8 May: "Deng on Ways To Stabilize Political Situation After His Death; CPC Decides to Intensify Ideological Controls"]

[Text] Deng Xiaoping said recently: The biggest lesson from the past has been our failure to hold on to economic construction as the essential task. Challenging economic construction might seem to have some very good reasons but economics is actually the ultimate reason of all. The solutions to all of China's problems hinge on it. This is the ultimate verdict, from which no one is to stray or deviate to pursue another course of action at any time in the future. He also said: Anyone who tries to make an issue of anything on the ideological plane will be kicked out. We cannot put this type of person in important positions. There are certain issues which should never be argued about, even when people like us (referring to CPC senior leaders) are all dead.

Compared with last year, the mainland political situation during April and May was very quiet and relaxed. In the words of a high-ranking CPC official, "the political and economic situations" right now in the mainland "are very good." There are no serious problems with either "leftism" or rightism and there have been no thorny political issues. The entire party and country are concentrating on economic construction. This situation is one with which Comrade Xiaoping is satisfied. Every one of us should value this good situation which we have won the hard way and "strive to do a good job in all our tasks."

### It Is Said That Deng's Current Health Is Good

People are concerned about Deng Xiaoping's health and his views on the present situation. One day in March, when the First Session of the Eighth National People's Congress was in progress, there were rumors that Deng Xiaoping was attending the day's plenary meeting and the press had been unofficially informed of "the attendance of an important person today." But Deng Xiaoping did not show up that day. There was much talk and speculation about Deng's health. One day later, a personal aide to Deng revealed in private: Deng Xiaoping's health at present is good. There have not been any major illnesses. His life now is more regular and he lives and works strictly according to the schedule drawn up by his physicians. He has basically quit smoking. Only at the bridge games—twice every week, each lasting over

two hours—is he allowed to smoke a few cigarettes. He strolls in the garden every day for over an hour and spends the rest of his time reading books and newspapers. Occasionally, he listens to reports and updates. Every day he spends a few hours watching television, economic news being his favorite program./

#### **Deng Claimed That the Economy Is the Key To Solving Problems**

Most recently Deng told someone: Everyone is now concerned with economic things and economic construction. This is very good. All this work over all these years has been aimed at directing people's energy and attention to it. It looks as if we have made it. I am satisfied. We will persist on this for some time in the future and in the next century. The general principles and policies are in place. We do not want fancy stuff and do not expect to clarify all the problems, especially those that, for the moment, have no chance of being clarified or solved. They are not worth wasting our time and energy on. Arguing who was right and wrong—for the moment this kind of question can be put aside. First, we must deal with the major and most pressing problems. Refraining from arguing helps unity and helps us to concentrate our energy on construction. Anyone who tries to make an issue of anything on the ideological plane will be kicked out. We cannot put these type of people in important positions. Moreover, we must guard against them. There are some issues which should never be argued about, even when people like us (referring to senior CPC leaders) are all dead. In China, the biggest lesson from the past has been our failure to hold on to economic construction as the essential task. With any change whatsoever, economic construction was displaced as the essential task. Challenging economic construction might seem to have some very good reasons but economics is actually the ultimate reason of all. The solutions to all China's problems hinge on it. All reasons pale before it. This is the ultimate verdict, which has proved correct. Except for the outbreak of a large-scale war, at no time in the future can anyone relapse or deviate from this ultimate verdict to pursue another course of action....

#### **Top on Deng's Mind Reportedly Is Affairs After His Death**

According to persons close to Deng, the things described above were meant more for situations that might possibly appear after his death. The word is that recently Deng has given most of his thought to ways of maintaining the stability of the country after he dies. He even wanted to study the American system which regulates the relationship between the chief justice and the president to see if a similar chief justice system can be instituted in China. Suggestions have been made to Deng Xiaoping that he should make some adjustment and changes to the Jiang [Zemin]-Li [Peng] system.

#### **State Council Official on "Stability"**

People are all happy to see the current stable political situation but, how long can this last? And their greater concern is: How important is this stability to the solution

of the latent and surfacing social, political, and economic problems in the mainland? The surprise news that Li Peng had fallen ill in the second half of May caused shockwaves and speculations within and without the party. This indicates how fragile mainland stability is.

**An official with the State Council Center of Research and Development told this reporter:** A stable political situation is often the result of—not the precondition for—the settlement of key issues to a certain degree. An undue emphasis on political stability would often, when significant political and economic problems surface, cause us to avoid or evade contradictions, leaving them unsolved, or suppress correct opinions, thus sharpening them. According to this official's analysis, following the 1989 "4 June" political turmoil, the mainland pursued "improvement and rectification" for three long years. As a result, economic reform and opening up was emptied of its content and existed in name only. Politically and ideologically, many things from the "Cultural Revolution" era were restored. None of the top CPC leaders then could or dared—and no one ever did—advocate explicitly deepening reform, expanding opening up, and speeding up development. "Stability" became the highest objective "overriding everything else." What state would China have been in now if such "stability" had not been jolted by Deng Xiaoping's southern inspection addresses? The fundamental problem with China is not whether it should take "stability" as the supreme objective but how it creates, and makes use of stable conditions with which to achieve economic and political progress and development. "Stability" cannot be treated as the supreme objective; it can only be a means to an end. There is a big contradiction in the Chinese political structure: Once the ruler's view successfully dominates the scene, it cannot be easily or promptly rectified even if it is found to be wrong. On the other hand, when there is a plurality of views, the correct one cannot gain the upper hand.

#### **Deng's Success Lies in Smashing the Blind Faith in Mao**

The present situation is: Although Deng Xiaoping's line and thinking of upholding economic construction as the essential task and guaranteeing the two basic points have gained the upper hand within the party, they have not completely solved all the mainland's current important political and economic issues. The contradictions which are covered up and evaded by the line, and those inherent in it, require that the enforcers of the line supplement, perfect, or even revise the line based on new situations and conditions in order to solve new problems. To achieve this, people can no longer worship Deng Xiaoping's line as something of an "ultimate theory" with "universal application" and dare not overstep its boundary, as they did Mao Zedong Thought in the past. In this regard, even Deng Xiaoping has made mistakes. In the late 1970's, Deng initiated the reform and opening movement, during which he started a party-wide and national discussion in the ideological field

under the title "Practice Is the Only Criterion for Verifying Truth." With this he dealt with the "two whatever's" in the ideological field, broke people's blind faith in Mao Zedong Thought, and provided ideological grounds for legitimizing reform and opening up. In the 1980's he floated the concept of "reform in the state leadership system" in which he pointed out the bad things that come with "over concentration of powers" and ordered initial reform in the political structure aimed at motivating all people concerned, such as the "proper separation of powers" and the "pursuit of collective leadership." With the help of this move, the economic structural reform got into its stride and picked up pace later on.

#### A New Superstition Has Emerged

Experiences over the past dozen years have shown that the shaping of Deng Xiaoping's line and the mass welcome and support it has basically won owes largely to the fact that he has opened up a brand new road of formulating principles and policies, starting from practice and not from ideology, in everything. This is done under the circumstances where the CPC increases rigid ideology while allowing experiments and creation by the Chinese masses, the CPC grass roots, and non-party elements. He has determined that truth was not entirely derived from the CPC and the land of China's mainland themselves and that there were advanced things outside the party and overseas for CPC study and reference, while believing that practice was forever changing and developing and that absolute truths which were immune to change did not exist. Suiting this brand new road was the emergence of the market-oriented economic development; the weakening of traditional ideology along with the invigoration of various new ideas (such as the universal growth in the press, publications, and media in various categories and their mutual competition); a plural tendency in political forms (the growth of nongovernment organizations and development in the People's Congress and the Chinese People's Political Consultative Conference systems); and expansion of the country's opening up and the relative development of personal freedom. The entire society on the Chinese mainland developed a situation of unprecedented prosperity and development.

Facts show that it was precisely because Deng Xiaoping dared to break the rigid and mysterious atmosphere resulting from Mao Zedong's ideology that the principles and policies formulated under his charge won mass support on the mainland. Of course, there were also the great contributions Hu Yaobang and Zhao Ziyang made to this as well as those from the academic circles, the intellectual circles, and the masses in their many creations, discoveries, and practices. When the Chinese enjoyed some freedom, it was possible for them to give play to their great potential. The amount of vitality in creation and the number of qualified people was in direct proportion to the amount of free air they were allowed. It was a very important experience in ruling the country and should be prized and brought forward.

However, in the wake of the "4 June" incident in 1989, the CPC dumped this important experience and there were many signs of returning to the old traditions in many important areas such as arrangements for political personnel, ideological control, and in economic and political restructuring. The treatment of Deng Xiaoping's "Theory on Building Socialism With Chinese Characteristics" in the superstitious and deifying attitude toward Mao Zedong Thought was precisely such a conspicuous phenomenon.

#### Three-Point Common Understanding Reached Inside the CPC

The common understanding reached among the CPC top echelon in the wake of the 14th party congress was: In economic restructuring, it is imperative to boldly refer to advanced experiences overseas to accelerate the process; in political restructuring, it is currently necessary to continue to adhere to "the four cardinal principles and it is advisable to change nothing, or change very little, with no new objectives and plans; and in ideology, it is imperative to strengthen administration and control. It is especially necessary to be vigilant against a comeback of "bourgeois liberalization."

Based on this common understanding, the CPC top echelon required the Central Organizational Department and the Central Propaganda Department to do a good job of work in two aspects:

1. It is necessary to accelerate selection of fine qualified people among middle-aged and young people to enter leading organizations at all levels, to ensure that party and government leadership is firmly grasped by reliable successors organizationally.
2. The Central Propaganda Department should formulate and issue a document to strictly control the power of examination and approval of newly-run media, with a principle of saying no to all or most cases. In particular, no green light should be given to those nongovernment run media or those void of supervising units. Some newspapers and journals with questionable ideas and tendencies in coverage should be rectified within a certain period of time; otherwise, orders should be issued to suspend their publication. The Central Propaganda Department should set up a press censoring organ comprising 50 personnel or so to specialize in censoring articles, reports, and programs of the press, radio, and television stations and the journals at central and provincial levels; problems should be promptly resolved as soon as they are discovered, while allowing no expansion of the realm jeopardized. At the same time, based on the principle of "reducing the shock to stabilize the situation," it was necessary to change the situation since "the 4 June" incident by which the leading bodies of news units at central level have been incomplete, imperfect, and weak and transfer cadres from various places to substantiate RENMIN BIBAO, XINHUA NEWS AGENCY, and the Ministry of Radio, Film, and Television. The aforesaid work is currently under way and



cadres assigned to the leading bodies of RENMIN RIBAO, XINHUA NEWS AGENCY and the Ministry of Radio, Film and Television have already reported for work. The press censoring organization under the Central Propaganda Department has already been set up.

The aforesaid actions seem to show that the CPC top echelon was making use of the comparatively stable current political situation to further strengthen political and ideological control. The focus of operation has not been placed on pushing reform but on "sticking to old ways" and "stability" and centered around augmenting and consolidating the position of "the theory advocated by Deng Xiaoping on building socialism with Chinese characteristics," while turning it into the "Mao Zedong Thought" for unifying the thinking and will on China's mainland today.

A lot of personalities in mainland intellectual circles and the media have pointed out that these practices adopted by the CPC top echelon have actually sealed off and killed Deng Xiaoping's ideas and line on the "deified" sacrificial altar and have curbed the continuous replenishment, development, and revision of this line in future practice in China. Several research fellows from the Chinese Academy of Social Sciences anxiously said at a small meeting: There is a big difference between a truth and how to treat a truth. Marxism and Mao Zedong Thought indeed contain the component parts of many great truths. Before they became "official theories," the component parts of truth were developing, were full of vigor, and had great vitality. However, once they became "official theories," they became pronouns for "ossification and sticking to the old ways" and were controlled and monopolized by a small number of people as the tools for exercising power in all socialist countries. This lesson is also applicable to Deng Xiaoping's "Theory of Building Socialism With Chinese Characteristics." If this set of practices of controlling ideology and controlling public opinion implemented by the top echelon of the CPC are used to establish the "authoritative position" of Deng Xiaoping's theories today, these theories will probably become "Mao Zedong Thought" of the "Cultural Revolution" period on the mainland before long and will once more bring serious ideological disasters to the mainland people.

#### **Reform Actions Are Lacking in Macroscopic Regulation and Control**

The impact of the stagnated reform of the political structure and the intensified control over the ideology on the reform of the economic structure has gradually been exposed. Following Deng Xiaoping's trip to the south last year, another upsurge of reform and opening up was initiated. However, careful observers have probably discovered that this upsurge was mainly pushed forward by local cities and provinces and that many reform measures were first put forward and implemented by various localities. Measures and actions taken by the central authorities were relatively passive and slow. Although the Central Committee put forward the correct view of

"the establishment of the socialist market economic structure" at the 14th CPC National Congress, the Central Committee did not put forward, before or after the 14th CPC National Congress, any important reform policies that could control and influence the overall situation for "the establishment of the socialist market economic structure." The reason was that the knowledge and understanding of "the socialist market economy" among the top echelon of the CPC were still relatively superficial and one-sided. The theoretical preparation was seriously deficient and the efforts by the economic theoretical circles and ideological circles to integrate the enrichment of the understanding of the socialist market economy theories with the criticism of "leftist" ideas, were strictly controlled. Thus, a very good opportunity to absorb ideological nourishment and to make up deficiencies in knowledge was lost. This is why the top echelon of the CPC lacks active and innovative reform actions for establishing and raising the state's authority and efficiency in macroscopic regulation and control, in accordance with the requirements of the socialist market economy. This remains an outstanding problem.

According to an analysis in an investigation and study report by the State Council's Development Research Center, there are three major factors currently affecting the state's authority and efficiency in macroscopic regulation and control: First it is not clear how matters stand in terms of the whole economic operation on the mainland. To varying degrees, most of the various indexes reported by various localities to higher authorities on the mainland, including output values, output volumes, investments, financial revenues, enterprise profits, and personal incomes, are exaggerated. Each locality goes its own way in economic development. Some make false or exaggerated reports, others intentionally hold something back. The higher levels are unclear and cannot tell how big the gap is between the figures in state statistics and the actual figures. Because it is unclear how matters actually stand and there is no scientific basis for assessing the situation in the entire economic operation, mistakes in macroscopic policy decisions are unavoidable. Second, the methods of macroscopic regulation and control are neither sound nor efficient. At present, management of scale remains one of the chief methods of regulation and control of the total supply and demand of the social economy used by departments making policy decisions at the top level. However, in reality, both the scale of investment in fixed assets and the scale of credit have repeatedly exceeded their targets. This year, the State Council arranged the scale of money supply on the basis of an eight to nine percent growth in the national economy. However, when the first quarter was over, the money supply had already greatly exceeded the planned volume, economic growth reached as high as 22 percent and more (not the published 14 percent), and the inflation rate rose to over 16 percent. Correspondingly, the practice of raising funds without authorization prevails in various localities and the channels and ways to lose funds have unprecedentedly increased. The state's management of scale is not functioning and

control has been totally lost. Third, the tendency for localities to separate from the central authorities is intensifying. Orders and prohibitions by the central authorities are not enforced. Local government officials of various cities and provinces uphold the following mentality: If we want to develop the economy, we must "not do what the central authorities ask us to do but must do the things which the central authorities ask us not to do; and those who listen to the central authorities will suffer losses." Facing the economic situation in which macroscopic regulation and control are out of order, the top echelon of the CPC has not yet been able to formulate and design a set of sound and effective reform plans but is still using a set of obsolete, outdated, and ineffective means for the traditional planned economy. This is a far cry from the urgent needs of the economic development on the mainland.

#### **Financial and Monetary Reforms and Reform of State-Owned Enterprises Are Needed**

Some authoritative economists in the mainland who actively advocate the promotion and deepening of the economic structural reform have recently pointed out on many occasions: With the mainland's high-speed economic growth, the pressure of inflation has increased and the phenomena of corruption in the party and the government have been even more serious recently. If this situation continues to deteriorate, reform and development will likely be threatened. The answer at present is not just to take stopgap measures to curb inflation and corruption but, more urgently, to put forward fundamental policies to get at the root of the matter in controlling the overall situation.

These economists hold that at present, whether or not reform can develop depends on the intentions of the CPC top echelon. The central authorities should use macroscopic reform policies to guide and push forward local reform and opening up instead of following on behind localities. The publication of macroscopic reform policies should aim at effecting a permanent cure and should properly solve three important problems—the establishment of a finance and taxation system which expands the tax base, simplifies tax rates, and ensures fairness in tax burden and which defines revenue and expenditure in accordance with the functions and positions of governments at various levels; the establishment of a banking system under which the central bank is independent, commercial banks are run like enterprises, and fundraising organizations are set up separately to meet the needs of relevant policies; and the realization of a fundamental change in the organization system in state-owned enterprises. However, people are commonly aware that major reform actions must have the powerful support and cooperation of public opinion and theories of reform. However, the latter are precisely most lacking because, in the mainland, political reform lags behind and ideology is sealed off and conservative. At present, Li Tieying is in charge of the work of the State Commission for Restructuring Economy and people do not believe he can accomplish much.

#### **Qiao Shi Inspects Sichuan 27 May-5 Jun**

OW0606111193 Beijing XINHUA Domestic Service in Chinese 1309 GMT 5 Jun 93

[By XINHUA reporter Wang Wenjun (3769 2429 0193)]

[Text] Chengdu, 5 June (XINHUA)—During his fact-finding tour of Sichuan, Qiao Shi, Standing Committee member of the CPC Central Committee Political Bureau and chairman of the National People's Congress [NPC] Standing Committee, said: Sichuan's economy can develop more quickly and favorably as long as cadres at all levels continue to emancipate their minds, lead the people in bold explorations, deepen reform, open wider to the outside world, and make greater use of local strengths.

Accompanied by Sichuan Governor Xiao Yang, provincial party committee Deputy Secretary Song Baorui, and provincial people's congress Standing Committee Chairman Yang Xizong, Qiao Shi inspected Mianyang, Suining, Nanchong, Deyang, Chengdu, and Chongqing in northern Sichuan from 27 May-5 June. Throughout his tour—from the cities to the countryside, from factories to peasant households, and from industrial development zones geared toward new and high technology to research institutes—Qiao Shi established extensive contacts with grass-roots cadres and people; made detailed inquiries about reform, opening up, modernization, and the people's livelihood; and held discussions with leading provincial and city (prefectural) comrades as they jointly explored ways to solve problems stemming from development.

Qiao Shi said: The current international situation is quite conducive to our country's reform, opening up, and modernization. The domestic scene is favorable, as the country enjoys social stability and economic development. To be sure, there are some problems. A fundamental approach toward solving these problems is to deepen reform and open wider to the outside world in accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and in the spirit of the 14th national party congress. Qiao Shi fully affirmed Sichuan's achievements in construction and pinned high hopes on Sichuan's development. He said: Since the Third Plenary Session of the 11th CPC Central Committee, Sichuan has achieved remarkable success in reform, opening up, and economic construction. Especially since Comrade Deng Xiaoping delivered his talks during his southern tour in early 1992, the broad ranks of cadres and masses in Sichuan, as in the rest of the country, have further emancipated their minds, exuded intense enthusiasm, and shown a strong desire to change the situation, thereby inspiring vibrant progress in all fields of work and ushering in a new development stage. As a large inland province, Sichuan has some problems—but is also full of hope and promise. Possessing abundant resources and a fairly strong industrial foundation, Sichuan should accommodate the

needs of the socialist market economy, change mechanisms, update technology, continuously improve economic returns, and give full expression to the leading role of industry. Sichuan also possesses quite favorable conditions and shows strong potential for agricultural development. As long as it implements central guidelines in light of local realities, Sichuan can absolutely move to yet another new level of development.

On agriculture and rural work, Qiao Shi said emphatically: We should further consolidate the agricultural base. We cannot develop anything if we go astray in agriculture. Failure to stabilize agriculture will not only destabilize the entire economy but will also hamper efforts to achieve political stability, as well as stability in all segments of society. We should never ignore peasants and their interests under any circumstances. We should make agriculture and rural work our top priority, and concentrate on developing them. We should take care to preserve peasants' enthusiasm for production and management, as well as the initiative of cadres at the grass-roots levels in carrying out their work. We must systematically solve problems regarding "IOU's" and "green slips" [promissory notes issued by local post offices in lieu of payment on money orders sent to peasants]. We should not in the least ignore the importance and urgency of solving these problems. A province as large as Sichuan, in particular, can ill afford to slacken grain production. It should put its strengths to good use; readjust its structure; diversify its operations; promote the overall development of agriculture, forestry, animal husbandry, sideline production, and fisheries; and tap all available resources to produce more goods in a greater variety. Moreover, we should further improve village and town enterprises on the basis of current development, review our experiences, and help village and town enterprises achieve a new stage of development over the next several years.

In Guangan County, Qiao Shi visited Comrade Deng Xiaoping's former residence, called on peasants in the neighborhood, and had discussions with cadres at the grass-roots level and Red Army veterans in revolutionary base areas in northern Sichuan. He expressed his warm regards for Red Army veterans, old comrades, cadres at the grass-roots level, and people in revolutionary base areas in northern Sichuan, expressing the hope that they would improve those areas under the party's leadership. He said: By and large, revolutionary base areas have developed well since the Third Plenary Session of the 11th CPC Central Committee. Some areas have basically achieved sufficiency in food and clothing, while others have made even greater progress. The party and the state are deeply concerned about and supportive of construction in revolutionary base areas. They believe that self-reliance and hard work on the part of people under the leadership of cadres at all levels will surely help improve revolutionary base areas. Comrade Qiao Shi exclaimed "Good!" repeatedly when leading comrades from the Guangan County Party Committee expressed their determination to develop Guangan in accordance with Comrade Xiaoping's exhortations.

On the socialist democracy and legal institutions, Qiao Shi said: We face heavy legislative tasks as we strive to establish a legal framework for the socialist market economy. Both the NPC and local people's congresses should tackle these tasks. In legislative work, local people's congresses should actively explore new ways and take bolder actions. Local legislative work should serve the fundamental interests of the country and the people. Local laws and statutes complement those at the national level. In legislative work, we should boldly assimilate and draw upon the experiences of other countries, and make sure that our laws are compatible with those in other countries and with international practice, in such a way that they benefit our country's efforts to open to the outside world. Local people's congresses should study and search for ways to foster democracy and exercise supervision, gain more experiences, and conduct education on the legal system.

Qiao Shi said emphatically: We must always uphold the principle of building two civilizations simultaneously. Following economic development, we should redouble our efforts to promote a clean administration, and prevent and combat criminal activities. Moreover, we must devote our efforts to strengthening party building. Party organizations should serve as the powerful core of socialism with Chinese characteristics, in keeping with the party's basic line and the new situation. We should, in particular, stress the training of party activists at the grass-roots level, recruit party members from production and management front lines, and solidify primary party organizations.

#### **Discipline Inspection Commission Meets in Fuzhou**

HK0506050493 Beijing RENMIN RIBAO in Chinese  
25 May 93 p 1

[Dispatch by reporter Pan Didu (3382 1593 6757): "Central Discipline Inspection Commission Holds Forum on Inspection of Cases in East China"]

[Text] Fuzhou, 24 May (RENMIN RIBAO)—Under the new situation of reform and opening, carrying out the anticorruption struggle in depth, more effectively conducting case inspection work, and guaranteeing a benign environment for economic construction are the major tasks for discipline inspection and supervision bodies. This point was upheld by all people attending the East China case inspection work forum between 18 and 21 May in Fuzhou.

The forum was held by the Central Discipline Inspection Commission. Those attending the meeting included Wang Deying, deputy secretary of the Central Discipline Inspection Commission; Liu Liying, Standing Committee member of the Central Discipline Inspection Commission; and responsible comrades from the seven provinces, the municipality, and cities with independent budgetary status in east China.



Comrades attending the meeting conscientiously reviewed and analyzed the current situation of case inspection work and exchanged information and experiences in their work. They agreed that marked results were achieved in recent years in carrying out the anti-corruption struggle, improving party style, promoting clean and honest administration, and investigating and handling discipline-violating and lawbreaking cases in the region of East China as well as in the whole country. At the same time, it is also necessary to note that corruption remains a problem that causes deep concern among cadres and the masses and is also a phenomenon detested by them. Discipline-violating and lawbreaking activities in the economic field, irregular practices of institutions in charge of cadre and personnel affairs and law enforcement and supervision institutions, irregularities of various trades in cities and in the countryside, the bureaucratic and formalist style of work, and the prudence of some leaders and leading organs to boasting and exaggeration have affected some localities' economic development. Therefore, achievements in party style building and in the anticorruption struggle should not be overestimated, and the existing problems should not be underestimated. The tasks of the next stage cannot be taken lightly. It is necessary to further enhance the sense of responsibility and urgency, stand firmly in the forefront of the anticorruption struggle, and faithfully fulfill the tasks.

Comrades attending the meeting held that at present, efforts should be made to properly handle the following issues:

First, further deepen understanding of the importance of the anticorruption struggle and the work of investigating and handling discipline-violating and lawbreaking cases. It is necessary to fully understand that the fundamental purpose of investigating and handling discipline-violating and lawbreaking cases comes completely into line with in-depth reform, the expansion of opening, and efforts to quicken economic development. The strategic principle of "using both hands to grasp the work and keeping both hands tough" laid down by the central leadership must be resolutely carried out. Efforts should be made with unshaken courage and perfect assurance to straighten out party style and promote clean and honest administration. In particular, we must fight tit for tat against those who dare to challenge party rule, government regulations, and law under the protection of some well-knit connection networks, and resolutely struggle against lawbreakers and discipline violators who knowingly commit such offenses and daringly defy law and discipline.

Second, reinforce the work of formulating rules and regulations. It is necessary to more effectively make investigations and studies, draw a clear line between right and wrong, and formulate necessary policies, rules, and behavior norms pertinent to the new conditions and problems appearing in the course of reform and opening in connection with the actual conditions of various

localities and departments, thus advancing "check-points" against corruption. This will not only effectively prevent and check corruption, but will also lay the grounds for the operation of correctly enforcing discipline and punishing corrupt people. Established rules and regulations should be implemented and further developed through necessary revisions and improvements.

Third, take the initiative in thoroughly and effectively investigating cases. Discipline inspection and supervision institutions should keep a stronger sense of case-handling and enhance their sensibility. They should take the initiative in going deep to grass-roots units and among the masses to find clues and investigate cases. They should also pay attention to the study of the regularity of various cases, thus more effectively searching and examining clues and investigating and handling discipline-violating and lawbreaking cases.

Fourth, give more effective guidance to the work of enforcing discipline and handling cases.

Fifth, enhance the political integrity and professional competence of the case-handling personnel.

#### State Council Appointments, Removals

OW0606084693 Beijing XINHUA in English 0751  
GMT 6 Jun 93

[Text] Beijing, June 6 (XINHUA)—The State Council, China's highest governing body, has recently made the following appointments and removals of officials:

Wu Wenying (female) was appointed president of the China Textile Federation and Du Yuzhou and Liu Heng, vice presidents of the federation.

Yu Zhen was appointed president of the China Light Industry Federation and Pan Beilei (female) and Xu Rongkai, vice presidents of the federation.

Chen Yaobang, Luo Zhiling and She Jianming were appointed vice ministers of the State Planning Commission.

Wu Jie was appointed vice minister of the State Commission for Economic Restructuring.

Zhang Xiaowen, Wei Yu (female) and Zhang Tianbao were appointed vice ministers of the State Education Commission.

Mao Rubai was appointed vice minister of construction.

Guo Lin was appointed vice minister of railways.

He Jing (female) was appointed vice minister of water resources.

Hu Ping was appointed director of the Special Economic Zones Office under the State Council.

Teng Teng was appointed vice president of the Chinese Academy of Social Sciences.

Liu Jiyuan was appointed general manager of China Aerospace Industry Corporation (director of the State Aerospace Bureau), and Wang Liheng, Luan Enjie, Bai Baier and Xia Guohong, deputy general managers of the corporation (deputy directors of the state Aerospace Bureau).

An Chengxin was removed from his post of a deputy secretary general of the State Council.

Fang Weizhong, Rui Xingwen, Sheng Shuren and Liu Jiang were removed from their posts of vice ministers of the State Planning Commission.

Teng Teng and Zou Shiyan were removed from their posts of vice ministers of the State Education Commission.

Xu Qing was removed from his post of a vice minister of supervision; Zhou Ganzhi from vice minister of construction; Shi Xiyu from vice minister of railways; Chen Yaobang from vice minister of agriculture, He Chunlin from director of the Special Economic Zones Office under the State Council; and Hu Guangbao from deputy director of the Special Economic Zones Office under the State Council.

#### **Radio Stations To Be Surveyed, Registered**

OW0706044693 Beijing XINHUA Domestic Service in Chinese 0812 GMT 28 May 93

[By reporter Wang Yanrong (3769 1693 2837)]

[Text] Beijing, 28 May (XINHUA)—The State Radio Regulatory Committee today held a telephone conference, in which it asked all localities and departments to accelerate the pace of surveying and registering radio stations.

Our country's radio communications industry has thrived since the introduction of reform and opening up. By the end of last year, there were 2.5 million radio installations (excluding beepers) nationwide, cellular telephones were introduced in 320 cities for 174,000 subscribers, and paging services were provided to more than 4 million subscribers in 1,075 cities. Currently, several dozen types of radio services have found wide applications in all trades and professions, including fixed communications, mobile communications, radio, television, and radar navigation. This has generated enormous economic and social returns. After the State Radio Regulatory Committee last year released a plan regarding the use of 800 MHz integrated telephone frequency [ji qun dian hua pin lu 7162 5028 7193 6114 7340 3764], a steady stream of applications for setting up new stations or networks has poured in from all parts of the country. The number of radio stations is expected to rise significantly this year. Many localities are already suffering a shortage of frequencies.

It has been disclosed that the recent sharp rise in the number of radio stations—especially in the use of cellular telephones, mobile communications equipment such as cordless telephones, and many wireless telephones that have yet to be approved by the authorities—has given rise to radio interferences and has affected communications quality. Interferences with television transmissions are particularly serious, provoking strong public complaints. These problems demand immediate attention, and they should be solved step by step. To address these problems, the State Radio Regulatory Committee issued a circular on conducting a nationwide survey and registration of radio frequencies and stations beginning this year.

He Fuqi, director of the State Radio Regulatory Committee office, said: The experiences of developed countries show that the massive use of radio transmission equipment, along with the development and application of new radio technology, has caused a shortage of radio frequencies. Before a new station or network is established, careful electromagnetic compatibility analytical calculations need to be conducted in order to avert interference with other stations. A complete, scientific database on radio stations and frequencies is indispensable to these analytical calculations. The purpose of the current survey is to sort electromagnetic waves in the atmosphere, in addition to creating a computerized database on radio stations and frequencies in the country.

It has been disclosed that during the current survey and registration, radio stations will be registered and issued licenses in accordance with the "Regulations Governing Radio Stations" recently approved in principle by the State Council. The survey and registration will cover radio station equipment installed and put to use on Chinese territory before 31 December 1992, as well as the frequencies used by such equipment.

#### **Military**

##### **Jiang Discusses Role of Senior Military Leaders**

OW0506145193 Beijing XINHUA Domestic Service in Chinese 1143 GMT 5 Jun 93

[By RENMIN RIBAO reporter Yang Zhenwu (1135 3791 2975) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 5 Jun (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee, state president and chairman of the Central Military Committee, today attended a discussion meeting of students of the National Defense University Research and Advanced Study Departments. He emphatically pointed out that military cadres at various levels, especially senior leading cadres, should be good at integrating Comrade Deng Xiaoping's thinking on army building in the new period and the policies of the party Central Committee and the Central Military Commission with the actual work of various units; creatively carry out



their work; and constantly raise their political quality, theoretical understanding, and ability to solve actual problems in practice.

Central Military Commission leaders, including Liu Huaqing, Zheng Zhen, Chi Haotian, Zhang Wannian, Yu Yongbo, and Fu Quanyou, attended the discussion meeting.

Jiang Zemin and other leading comrades conscientiously heard talks by nine students, including Jiang Futang, director of the Jinan Military Region Political Department.

Jiang Zemin gave an important speech. He said: Senior cadres should keep the overall situation in mind, pay attention to the research of important and practical problems, study hard, and constantly raise their own leadership qualities. When we talk about study, the core contents are studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, studying Comrade Deng Xiaoping's thinking on army building in the new period, taking on the road of having better troops with Chinese characteristics, and raising military units' fighting power in an all-round way.

Jiang Zemin said: Senior cadres should concentrate their efforts to improve the building of various units with the spirit of arduous struggle and of seeking truth from the facts. We should strengthen and improve ideological and political work for various units, and enhance the rallying power of various units. We should persist in strictly running the army, strengthen the management of military units, and effectively and properly control and lead military units. We should set right and improve our leading style, and do our best to solve actual problems in army building.

Touching on how senior cadres should be strict with themselves, be honest and upright, and use their own exemplary action to influence and lead military units, Jiang Zemin emphatically pointed out: Strengthening efforts to build an honest government and waging resolute struggle against all kinds of corruptive signs are an important strategic task set by the 14th CPC National Congress for the whole party, because it concerns the party's reputation and prestige among the masses of people, concerns political stability and economic development, concerns the life or death of our ruling party, and concerns the safe or danger and success or failure of our socialist cause. We must fully understand the important, prolonged and arduous nature of this issue. We must be determined and work hard to achieve good results. In this respect, the army should stand in the forefront of the entire society.

Jiang Zemin pointed out: For decades, the broad masses of commanders and fighters of the whole army have been obeying the party's words, struggling hard, giving selfless dedication, and serving the people wholeheartedly. They have undergone the test of living in a peaceful environment in the course of reform and opening up as well as the test of fighting under heavy fire. They have maintained the inherent qualities of arduous struggle and of being honest in performing official duties. Our army is

indeed worthy of being called the people's army. However, armymen are not living in a vacuum. Under the new historical conditions, various unhealthy tendencies and ideologies such as individualism, hedonism and money worship have been infiltrating into the army and have brought some negative influence to army building. How to strengthen our military units' ability to be honest in performing their official duties is an important issue which concerns the preservation of our army's proletarian nature and the fulfillment of our army's fundamental duties. Therefore, we must pay good attention to this matter.

Jiang Zemin said: To strengthen our military units' ability to be honest in performing their official duties, the key lies in having the leading cadres set good examples. Comrade Deng Xiaoping repeatedly pointed out that setting good examples by leading cadres, especially senior cadres, is a very important thing. Leading cadres' good examples can be described as a banner for lower level units and subordinates. It is like a soundless order, and can effectively inspire, influence and convince the masses. If leading cadres do not set good examples, the subordinates will follow the behaviors of their superiors and the tendencies of corruption will spread. Therefore, he especially called on senior cadres to be honest in performing official duties, set strict demands on themselves and set examples of arduous struggle. Our senior leading cadres must firmly foster the senses of "providing service" and of "being public servants" and the spirit of selfless dedication. They should follow the examples of revolutionaries of the older generation, not seek fame and wealth, devote themselves to official duties, take the lead in hard work, enjoy happiness after others, and use their exemplary action to influence and lead military units.

Zhu Dunfa, president of the National Defense University, presided over the meeting. Li Wenqing, political commissar of the National Defense University, and members of the university standing committee attended the discussion meeting.

#### **PLA Revises Plan for Military Science Research**

*OW0706003893 Beijing XINHUA Domestic Service  
in Chinese 0857 GMT 28 May 93*

[By reporter Hu Nianqiu (5170 1628 4428) and correspondent Jiang Wenming (1203 2429 2494)]

[Text] Beijing, 28 May (XINHUA)—According to information obtained by reporters from the all-Army conference on military science research that concluded today, the People's Liberation Army [PLA] has revised the "Eighth Five-Year Plan" for military science research by shifting its focus to practical issues.

It has been disclosed that the revised plan calls for devoting approximately 60 percent of research projects to practical issues. Furthermore, it calls for making research projects more relevant, introducing additional projects regarding combat drills in modern settings, shortening research periods, and lengthening the periods during which research findings will remain effective.

Some monographic works requiring lengthy research periods have been changed to research reports, and the research period for practical issues has been shortened to less than three years.

The all-Army conference on military science research opened in Beijing on 25 May. Guided by Deng Xiaoping's thinking on Army building during the new period, conferees assiduously studied the instructions given by Central Military Commission Chairman Jiang Zemin during his recent visit to the Academy of Military Sciences. They also held full discussions on revisions to the "Eighth Five-Year Plan" for military science research and on policy regarding such research. They reached a consensus on current guiding thoughts concerning military science research, key areas of research, the training of top-notch researchers, and ways to further improve the organization and coordination of military science research projects.

#### **New Arms Department Promotes Cadre Training**

OW0706085893 Beijing XINHUA Domestic Service  
in Chinese 0233 GMT 26 May 93

[By correspondent Liu Huinian (0491 0932 1628) and correspondent Tan Keming (6223 0344 2494)]

[Text] Beijing, 26 May (XINHUA)—Teams of special trainees appeared recently on training grounds of troops of various branches stationed in northern China: generals and field-grade officers in training uniforms lined up to listen to lectures by grass-roots cadres and soldiers; department, bureau, and section chiefs drove vehicles, operated guns, and experienced training life; and staff officers devoted themselves to studying characteristics and functions of major weaponry and equipment of various arms as well as situations on training and technical support. These teaching and learning activities were organized by the General Staff Department's Arms Department [bing zhong bu 0365 4429 6752] to enhance office cadres' military knowledge.

Led by the chief and the political commissar, cadres of the Arms Department's leading organ left the compounds of their offices to learn military affairs on-the-spot from grass-roots troops. During the teaching and learning activities that lasted over 10 days, the cadres from the leading organ and grass-roots officers and men merged into one. They engaged in mutual teaching and learning on the training grounds of artillery corps, armored corps, engineering corps, chemical warfare defense corps, and the army aviation force. The activities included briefings on situations and practical drills; an exhibition on combat readiness, training, and technical support facilities; and on-the-spot demonstrations on some subjects. The department's chief, political commissar, and cadres of various units who joined the Army during the war years treated grass-roots officers and men as their teachers, and earnestly listened, viewed, and participated in practical operations. Everyone felt the training was very good and learned a

lot from it. Many comrades said that on the training grounds, office cadres not only learned military affairs but also enhanced their sense of responsibility and sense of mission in serving the troops.

Attaching importance to training office cadres and upgrading their professional skills is an important task of the newly formed General Staff Department Arms Department. The various branches of the Army deal with many military occupational specialties and complex businesses, and understaffing in their leading organs has caused conspicuous contradictions. To better shoulder the responsibility of directing the military affairs of various branches of arms of the Army, the Arms Department party committee believes it must strive to upgrade the professional skills of office cadres. It has clearly pointed out that it will "form the combined-arms military force with emphasis on being expert in one thing and good in many, and work for higher efficiency by enhancing the cadres' knowledge." The Arms Department vigorously conducted the activities in making office cadres learn military affairs and upgrade their quality so that they become expert in one thing and good in many. The department has drawn up a three-year program and annual plans and systematically arranged the occupational study program in the form of group training, lectures, self-study, counseling, on-the-job drills, and knowledge contests. At the beginning of this year, the department concentrated on a theoretical study class, during which six deputy chiefs and five experts gave separate lectures on knowledge on various branches of arms and weapons and equipment. Recently it organized on-the-spot teaching and learning activities for office cadres at relevant branches of arms' training grounds. In the second half of this year, it will give a series of lectures on the application of high and new technology in various arms.

The occupational study program has brought vitality to the development of Army offices. The quality of cadres has been notably upgraded and the sense of a combined-arms military force has been somewhat enhanced. This plays a positive role in improving office work and in promoting the buildup of various branches of arms.

#### **Militia Develops High-Tech Commercial Products**

OW0706023193 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 28 May 93

[From the "National News Hookup" program]

[Text] Nanjing Military Region militia reserve units have actively engaged in productive labor for supporting themselves. With the advent of the market economy, they have seized opportunities to expand themselves, gradually setting up an efficient export-oriented structure of high-tech products.

In Jiangsu Province, where militia-affiliated enterprises have made an early start in gearing themselves to market demand and developing technology-intensive marketable products, there are 77 such enterprises, each having

an annual output value of more than 5 million yuan and profit and tax payments of 500,000 yuan, as well as 17 militia-affiliated Sino-foreign joint ventures. The 41 kinds of export commodities produced by the enterprises earned \$6.68 million in foreign exchange last year.

According to statistics, there are some 12,000 militia-affiliated enterprises subordinated to the Nanjing Military Region. They have thus far earned 1.29 billion yuan in profits, of which 200 million yuan has been used in supporting operations of militia reserve units and ensuring the completion of their educational training.

### Economic & Agricultural

#### Measures To Halt Financial Irregularities Planned

HK0706115293 Hong Kong WEN WEI PO in Chinese  
5 Jun 93 p 1

[By staff correspondent Chen Chien-ping (7115 1696 1627): "Beijing To Unveil a Number of Effective Measures To Restore Monetary Order"]

[Text] Beijing, 4 Jun—An authoritative source here has revealed that the central authorities will unveil a number of measures in a vigorous bid to halt the current massive irregularities in financial practice and restore monetary order. The central authorities have also instructed that, despite the grim monetary situation, funds must be guaranteed for procuring produce and summer crops in order to ensure that peasants are not issued with IOUs.

The authoritative source quoted persons from central high levels as saying that restoring monetary order is now a major concern in economic circulation work. The central authorities are determined to restore monetary order. Part of the regulatory measures proposed a few days ago include: Forbidding banks from running finance bodies and abolishing forthwith those already in existence and withdrawing their funds; also forbidding banks from running economic bodies and those already established must be completely detached from the banks; and finding ways to accelerate capital circulation.

The central authorities demand that given the grim monetary situation, the following four areas must be guaranteed capital, under whatever circumstances: Agriculture, summer crop procurement, key state projects, and large-scale technological transformation of traditional industries.

The source said that central high levels identified the following six factors as contributing to the current urgent monetary situation:

1. Chaos within the financial sector. Specialized banks transfer massive funds to their own companies, the so-called moving the domicile of deposits, for project financing. Some even invest in short-term interbank loans in fixed assets, property and real estate, and securities. Vast amounts of funds are being drained this way.

2. There are now more outlets for funds available in society. Various types of financing in society and by enterprises and institutions sprouted up all of sudden and threaten to run out of control. Moreover, capital tends to flow toward developed areas in the south, aggravating the shortage of capital in the north. Beihai city, Guangxi Province, for example, is now attracting funds from counties and cities in central and western provinces, each county injecting as much as several million in an attempt to gain a foothold in the market there.

3. Expansion in demand for fixed-asset investment, the frenzied pace in the pursuit of development zones, and overstretched real estate investment have absorbed vast amounts of funds. All these investments take an extremely long time to generate economic returns.

4. More funds are now going to enterprises for their capital flow and debt chains are becoming increasingly serious.

5. Outside-the-banking-system cash flows are getting worse and methods of settlement are outdated. Enterprises pay outright in cash and cash settlements, not credit settlements, are the order of the day. Some enterprises even draw up their own preferential plans for units paying cash and some even refuse to accept check payments.

6. The earlier low savings interest rates have driven away depositors.

The authoritative source said the central authorities are paying close attention to changes in the monetary situation while successively unveiling measures aimed at restoring order in the monetary sector. Jiang Zemin, CPC Central Committee general secretary, revealed a few days ago when remarking on the problem, that the central authorities are determined to adopt effective regulatory measures and things in the financial sector are improving.

#### CPC 'Worried' About Overheated Economy

HK0706105893 Hong Kong HSIN PAO in Chinese  
4 Jun 93 p 22

["Beijing Political Situation" by Jen Hui-wen (0117 1979 2429): "Beijing Is Worried About a Recurrence of the 1989 Overheated Economy"]

[Text] Beijing, 2 June—Everyone knows that the overheating of the Chinese mainland economy in 1988 was the root cause of serious inflation, corruption, and the rampant "official profiteering," which evoked the strong resentment of the people. Facing political and economic crises, the CPC hierarchy failed to react promptly and maintain proper control over the situation; on the contrary, power struggles in the hierarchy exacerbated the crises. As a result, taking the opportunity to mourn Hu Yaobang's death, the student movement against inflation and official profiteering in the summer of 1989 finally evolved into the "1989 Pro-Democracy Movement." Known to the world as the 4 June Tiananmen Incident, the movement was eventually put down by the authorities using force, thus becoming an object of



public denunciation. The incident also prompted significant changes in the CPC decision-making level with Zhao Ziyang being replaced by Jiang Zemin as CPC general secretary and the leading core of the third generation has taken shape since then.

Four years have passed and, propelled by Deng Xiaoping's remarks during his southern trip last year, the mainland economy has now entered another period featuring high-speed growth. Meanwhile, problems such as inflation and corruption are becoming increasingly grave. Under such circumstances, the question as to whether or not the mainland will follow the same old disastrous road it took in 1988 and 1989 has been brought to the close attention of the CPC hierarchy. It has also become the focus of discussion for both the Chinese people and people in the rest of the world.

Exactly how bad is the inflation and corruption situation in the mainland today?

As regards the corruption problem, even CPC senior statesman Chen Yun has stepped out again to call for efforts to fight against corruption and advocate clean administration, which I reported in this column last Friday (28 May). From Chen Yun's call that "an incorrect party style will bring turmoil to society and ruin our great cause," we can get a glimpse at the problem's gravity.

As for inflation, statistics show that from January to April this year, the country's retail sales index of commodities went up by 9.2 percent but the prices of grain and fuel rose by 34 and 37 percent respectively. The increase in the living costs index of workers and staff in 35 major cities has reached 17 percent. The price index for the means of production increased by 38.8 percent, while prices of steel products and cement went up by 100 and 400 percent respectively. The growth in the prices of the means of production will inevitably push up the prices of consumer goods, mechanical and electrical products, and the means of production for agricultural use. Economists predict that the inflation rate will reach 25 percent by the end of this year. In other words, inflation is tending toward being aggravated. Some economists have even pointed out that they probably underestimated inflation in their previous claims that the kind of panic purchasing in 1988 was unlikely to stage a comeback no matter how serious inflation became.

#### **Background Against Which Calls Were Made To Prevent the Economy From Becoming Overheated**

Sources in Beijing have disclosed that the CPC hierarchy has already studied, and reached a consensus, on ways to tackle an overheated economy as well as the inflation it may then bring. Facing Deng Xiaoping's further instructions to "seize the opportunity to bring about large-scale development" and to "refrain from taking overall action against overheating," which Deng made during his stay in Shanghai on the eve of the Spring Festival this year, the CPC hierarchy raised the economic growth index in accordance with Deng's intention and told the media not

to add fuel to the flaming discussions concerning whether or not the economy has already overheated; yet, on the other hand, it have put forward all the same clear-cut requirements on preventing the economy from getting overheated and worked out internal measures to ease the overheated situation, including reducing the scale of credit and capital constriction, keeping a rein on the development of the stock and property markets, and rectifying the order in economic development zones.

With a consensus in understanding, the CPC hierarchy acted in unison. At the first press conference held by the new government elected by the 8th National People's Congress [NPC] last March, Premier Li Peng told the meeting on behalf of the State Council that the central authorities had always kept a sober mind and taken positive steps to tackle the pressure produced by inflation.

In the wake of the NPC, President Jiang Zemin submitted, at an internal meeting on 1 April, a long speech on China's current economic work. This was considered to echo Deng Xiaoping's instruction that the "general secretary of the party should also take charge of economic work." What merits notice in his speech is that Jiang Zemin stressed the need to pay special attention to drawing lessons from previous times of major economic chaos; carry out the spirit of Deng Xiaoping's remarks made on several occasions in a "comprehensive, correct, and positive way"; avoid big rises and falls as well as huge losses; and maintain the good momentum of economic growth. What Jiang Zemin said here has clearly shown the real intention of the CPC authorities in their bid to avoid and curb an overheated economy.

Jiang Zemin pointed out: At present, special attention should be paid to three major problems, namely: money-power deals and abuse of power for personal gain; a wide gap between rich and poor people and between prosperous and impoverished areas; and the increasing hidden pressure of inflation. He indicated that failure to solve these problems over a long period of time might produce an adverse impact on economic, political, and social stability.

What Jiang Zemin said has given clear expression to the fact that the CPC authorities have concerned themselves with possible political and economic crises and social turmoil triggered off by an overheated economy.

#### **Jiang Zemin Fears That Trouble May Recur in the Future**

Sources have revealed that in his speech delivered at an economic work meeting for six provinces and one city in eastern China (namely, Shandong, Zhejiang, Anhui, Fujian, Jiangxi, and Shanghai), which he chaired, Jiang Zemin not only called for efforts to understand and implement the spirit of Deng Xiaoping's remarks on his southern tour in a comprehensive, correct, and positive way but also pointed out in straightforward terms the danger of future trouble if inflation could not be brought under control. He indicated: "Judging by our country's



current economic situation, the most critical issue is inflation. The year 1988 witnessed serious inflation, which was closely followed by political disturbances in 1989. The inflation problem has returned this year. If we allow inflation to take its own course, political disturbances may return. Under such circumstances, the central authorities have urged all provinces and cities to promptly adopt effective and strong measures, work in close coordination and take unified actions, and try every possible means to bring the problem of inflation under control."

He added: "At present, inflation is focused in three areas, namely: The Chang Jiang Delta, the Zhu Jiang Delta, and the Beijing-Tianjin region. By holding this meeting for six provinces and one city in eastern China, the central authorities hope that these six provinces and city can sum up their useful experience in inflation control for it to be spread around the entire country."

Jiang Zemin's remarks above have revealed to the full the worries of the CPC hierarchy over a rerun of 1988 and 1989.

#### **Experts Put Forward Proposals on Rectifying Recent Chaotic Situation**

It has been pointed out by a well-known economist in Beijing: Various signs show that China's economy is being plagued by inflation, which tends to deteriorate increasingly; with the addition of the reemergence of corruptive practices, China's economic environment has begun to take a turn for the worse while the resentment harbored by its people is growing. If the country fails to take strong and effective steps to ease the situation, no one can say for sure that trouble will not recur in the future.

Citing the recent tumult in Lhasa, Tibet, this economist indicated that Beijing's political disturbances in 1989 started with Tibet, for Lhasa witnessed in March the largest riot staged by Tibetans in 30 years. In late May this year, Lhasa again witnessed the largest demonstration since 1989, which evolved from one which was anti-inflation to one demanding Tibetan independence. It has been learned that the CPC central authorities issued emergency circulars as early as last April, urging the Tibetan Prefectural CPC Committee to watch out for possible turmoil featuring collaboration between forces from within and without before the coming June. On 29 April, the day when U.S. President Bill Clinton met with the Dalai Lama, Hu Jintao, CPC Central Committee Political Bureau member and former secretary of the Tibetan Prefecture CPC Committee, also made a personal call to the Tibetan Prefecture CPC Committee, urging them to pay close attention to preventing turmoil from taking place. However, turmoil finally broke out despite all these efforts. This serves as a signal—if inflation and corruption run rampant and cannot be brought under proper control over a long period of time, factors leading to instability will exist; and with the

existence of factors leading to instability, it is possible that turmoil will take place when the climate is agreeable.

According to this economist, inflation and corruption have to be rooted out, for they are a hidden danger which can intensify social contradictions. Yet, a fundamental way to tackle these two problems lies with the continued and thoroughgoing reform of the traditional economic system. Particular efforts should be taken to speed up the pace of three key reforms on the financial and taxation system, monetary system, and the operational structure of state-owned enterprises; and to set up and perfect a socialist market economic system. Judging from his remarks on the aforementioned two occasions stressing the necessity in deepening economic structural reform, Jiang Zemin has obviously adopted the views of the economists.

#### **Jiang Orders Development Zone Rectification**

*HK0706092293 Hong Kong CHING PAO in Chinese  
No 6, 5 Jun 93 pp 34-35*

[Article by Lu Ren (7627 0086) dated 19 May 1993: "Jiang Zemin Issues Order on Rectifying Development Zones"—first paragraph is CHING PAO introduction]

[Text] In recent years, there has been an "overheated expansion" in the growth of mainland development zones. The overstretched undertaking of development zones has resulted in waste in the use of land and funds. Many of them have not used any foreign investment for development so far. The arbitrary use of cultivatable land for purposes other than farming will surely weaken the basic backbone of agriculture. Therefore, the CPC general secretary ordered rectification of the development zones.

Like special economic zones [SEZs], the establishment of economic and technological development zones is an important move by the Chinese mainland to implement the policy of opening up to the outside world. However, since last year, mainland localities have rushed headlong into mass action in an unplanned way in setting up development zones, thus causing the authorities' examination and approval work to go out of control. The numerous development zones have occupied cultivatable land in large quantities, leaving land unused and causing an enormous waste in human and financial resources. This has attracted the attention of the higher echelons of the Chinese leadership. In March this year, the CPC Central Committee decided to form a national inspection team composed of the State Planning Commission, the Ministry of Construction, the Ministry of Agriculture, and the State Land Administration Bureau, with Li Peng taking command, to screen and rectify development zones in various localities. Recently, the State Council specially issued a circular on screening and rectifying development zones, stipulating that in the days to come, the authority to examine and approve developments will rest, without exception, in the hands of the authorities at the provincial level and above. The

circular also set specific requirements for the standardization of development zones. This move by the higher echelons of the CPC leadership stemmed from a speech delivered by General Secretary Jiang Zemin to a forum of six provinces on agriculture and rural work, which was held at the end of last year.

#### **Development Zones Are Excessive in Number and Overexpanded in Growth**

Since last year, there has been an "overheated expansion" in the growth of mainland development zones. Following State Council approval for the establishment of economic and technological development zones which enjoy special policies and have attracted foreign capital, all localities blindly set up development zones of all types in large numbers. They are run by not only provincial and city, but also county, authorities. Many localities allotted land for development zones without a plan and without going through strict examination and approval procedures. Some provinces delegated tasks to set up development zones, level by level, down to local authorities, with each level examining and approving its own projects. Some towns, and even individual businesses, were eager to have a try in this regard. According to a survey, a certain province had 76 development zones, of which six were approved by the State Council, one by the provincial authorities, 37 by the city authorities, and the other 32 by the county authorities. The overstretched undertaking of development zones has resulted in a waste in the use of land and funds. Many of them have not used any foreign investment for development so far. Although some localities leased out some of the land allotted for development zones, not a single project was undertaken after land leveling was completed because of the very slow progress of investment. Taking advantage of the opportunity, some foreign businessmen hoarded land for speculation or traded it at a profit.

#### **Jiang Zemin Criticizes Practice of "Rushing Headlong Into Mass Action in an Unplanned Way"**

At forum of six provinces on agriculture and rural work held at the end of last year, CPC General Secretary Jiang Zemin made a speech in which he said: Our country has a huge population but very limited cultivatable land. It is the only country in the world that supports 22 percent of the world's population with 7 percent of its cultivatable land. We cannot rely on any other countries in solving our people's problems of food and clothing.

Jiang Zemin pointed out: Some localities unfolded a "vigorous mass campaign" for setting up developments zones and engaging in the real estate industry. It must be pointed out that those comrades who unfolded the "vigorous mass campaign" had good intentions to develop the local economy a little faster. Nevertheless, more often than not, they forgot that ideological emancipation and seeking truth from fact form a unity. We are not saying that we should not set up development zones and develop the real estate industry but what we want to stress is that we should proceed from actual needs and

capabilities rather than rush headlong into mass action in an unplanned way and disregarding conditions. The method of rushing headlong into mass action in an unplanned way in doing things is abnormal. It does not conform with the spirit of Comrade Xiaoping's important southern tour talks, the 14th CPC National Congress, and the objective laws governing economic development. If this method of doing things is not corrected properly and quickly, not only will it be unable to last any longer but it will also surely cause many bad consequences to enter our economic life.

Citing an example in illustration, Jiang Zemin said: The development we have noticed at present is that it is very difficult to secure construction funds since some localities have launched an excessive number of development zones. What should be done? They have had to raise funds by adopting various methods and means outside state plans and thus have far exceeded their ability to withstand the resulting strain. This has hampered the normal growth of bank savings and made the raising and supply of funds for purchasing agricultural and sideline products more difficult. This is one of the bad consequences.

Jiang Zemin said: In the early eighties, I participated in the preparatory work of establishing SEZs. To understand the developments, methods, and experiences of SEZs in foreign countries, we visited many countries in the world over nearly 50 days. Foreign countries are not only very cautious in setting up SEZs but also very meticulous in working out plans. This is different from the practices currently being adopted by some localities. Setting up a development zone must have at least the following conditions and procedures: 1) A feasibility study; 2) investment construction projects; 3) a general plan; and 4) a gradual advance, that is, we should not attempt to accomplish it overnight.

Quoting the State Land Administration Bureau survey of 24 provinces, autonomous regions, and municipalities, Jiang Zemin pointed out: From January to September 1992, 1,951 development zones were approved, occupying 15,300 square km or more than 2.4 million mu of land, of which more than 80 percent was cultivatable land where transport and water resources were good. At present, because the state strictly prohibits peasants from using cultivatable land for purposes other than farming, cultivatable land will diminish at a rate of at least 4 million mu a year if this situation goes on. This loss of control over the use of land for the expansion of development zones is bound to seriously weaken the basic backbone of agriculture and this practice must be stopped. The state has strict examination and approval rules and regulations concerning the use of cultivatable land for purposes other than farming.

Finally, Jiang Zemin ordered: "We must make a special study of the problem quickly and make a new resolution on the use of cultivatable land for purposes other than farming, enforcing it by public proclamation."

### Three Major Departments Merged Into a Single Organ

In fact, one important reason for the overexpansion in development zones and the first-level [yi ji 0001 4787] real estate market lies in the irrationality of the Chinese Government's management structure. China's three major land-related departments are the Land Administration Bureau, the Ministry of Construction, and the State Bureau of Surveying and Cartography, forming a system from the State Council down to various provinces and municipalities. The crisscrossing of their land administration functions has caused wranglings over trifles. On certain issues, the contradictions became so acute that the State Council had to act as judge to solve their disputes. The imperfect management structure and external and internal relations have directly hampered the smooth development of the land market. Not long after its formation, the new State Council decided that a vice construction minister would concurrently hold the post of State Administration Land Bureau director (the bureau becomes a deputy-ministerial-level organ) and, at the same time, change the State Bureau of Survey and Cartography into a deputy-ministerial-level organ under the overall coordinated management of the Ministry of Construction. This has helped to solve the irrational administration of land by the three major departments and exercise overall state control over land and developed zones.

### Effects of Removing Controls on Currency Markets

#### FEC's To Go 'Soon'

HK0506035093 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 5 Jun 93 pp 1, 3

[Article by Geoffrey Crothall in Beijing]

[Text] Days after removing the controls on the currency swap markets, there are indications that China may soon abolish Foreign Exchange Certificates (FECs), the parallel currency used by foreigners and traded at the official exchange rate.

Local officials have indicated that action on FECs could be imminent, despite the scepticism of some analysts and bankers about a rapid move.

The deputy head of the exchange-rate division of the State Administration for Exchange Controls, Mr Li Zexing, said yesterday that FECs were "no longer needed" and that their existence caused "a lot of administrative problems".

It has been reported that FECs could be abolished tomorrow but Mr Li declined to give a timetable for when the currency, first introduced in 1980, might be taken out of circulation.

"All I can say is that there is a tendency towards the point where FECs will no longer exist," he said.

While declining to confirm reports of the FEC's imminent demise, Mr Li made it quite clear that the government considered the currency more of a hindrance than a help.

"Personally, I cannot see that it is advantageous to have two currencies... It causes administrative problems and has led to considerable speculation and profiteering," he said.

"In theory the FEC and renminbi should be the same price but in reality we have two currencies."

Mr Li also said that FECs, first introduced to allow foreign visitors to buy goods in short supply, were no longer necessary as China's commodity economy had developed so rapidly.

Several analysts urged caution in interpreting Mr Li's remarks as a sign of an imminent FEC abolition.

"There is a big difference in China between stating policy and actually carrying it out," said one political observer.

"It may just be that Mr Li is trying to give the impression that China is moving towards a freely convertible currency faster than it actually is," he said.

Many economists were surprised by the timing of Mr Li's comments, as they came days after the government lifted controls on the rate of the yuan on the swap market. The value of the yuan tumbled to nearly 11 to the U.S. dollar.

"Abolishing the FEC is obviously a good idea in theory but when the swap market rate is nearly twice as high as the official rate, it is a recipe for disaster," a Western economist in Beijing said.

The gap between the official and swap market rates is expected to narrow through the year and could be reduced to 20 percent by December, assuming that the stringent credit controls in place take effect.

However, some analysts claim that FECs could be abolished at the current rate without much consequence.

"There would be an outcry from foreign representative offices here who don't have access to the swap markets, but they only account for a small fraction of the foreign exchange market, so I don't really see why they just can't say 'Okay, no more FECs'," a foreign bank manager said.

### Renminbi Devaluation Downplayed

HK0706093693 Hong Kong MING PAO in Chinese 7 Jun 93 p 7

[By staff reporter Wang Chien (3769 0494): "Bank Official Says Dropping Renminbi Has Little Effect on the Economy as a Whole"]

[Text] Zhao Haikuan, director of the People's Bank of China Monetary Research Institute, pointed out that the



large drop in the actual exchange rate of the renminbi will certainly stimulate inflation. When considering the economy as a whole, however, China's economic circles are not attaching great importance to the changes in the exchange rate.

It has been learned that, since foreign exchange swap markets opened in various areas on 1 June, the renminbi's exchange rate has been dropping by a large margin in various areas. The dollar's rate against the renminbi has risen from 1:8 to about 1:10. Once it even reached 1:10.3.

The fall in the actual exchange rate of the renminbi has drawn serious attention from economic circles outside the country. However, Zhao Haikuan, director of the Monetary Research Institute, has pointed out that, as Chinese economic circles observe China's economic situation, they are giving more consideration to commodity prices, the industrial growth rate, the issuance of banknotes, and other factors, because the impact of the exchange rate is not as serious as people usually think.

He said: In theory, the major drop in the renminbi's exchange rate will play a role in stimulating inflation. This is a relatively long-term effect, but it will nonetheless directly affect the import trade. The drop will increase prices of imported raw materials, which will in turn stimulate inflation. But Zhao Haikuan believed that, as the proportion of imported raw materials is very small, the impact will be quite limited.

Zhao Haikuan emphasized that, at present, inflation is still the main problem in China's domestic economy. Credit has already been tightened, and control over investment in the construction of basic facilities—especially real estate projects—has been strengthened. Judging from recent developments, these measures have already achieved initial results, and the situation of withdrawing currency from circulation has been improved.

Zhao Haikuan pointed out: Only when inflation has been stabilized can the actual exchange rate of the renminbi be stabilized. He estimated that China's inflation rate this year will be higher than that of last year, but the growth rate will not be high.

People from China's economic circles believe that the exchange rate of the renminbi will not continue to drop by such a large margin in the near future. State Administration of Exchange Control officials also pointed out recently that the renminbi's exchange rate in the swap markets does not reflect the true value of the currency, which is only reflected by the official exchange rate.

It was reported that the closing rate of the renminbi against the dollar was 10.31:1 in Shanghai's swap center last Friday, higher than the black market rate for the first time. During this period, the official rate has been floating at around 5.7:1.

### Devaluing 'Drastically' Ruled Out

HK0606041493 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Jun 93 p 1

[By Ren Kan and Chen Weihua: "Rate Jump in Swap Markets Only Temporary, Official Says"]

[Text] The abolition of the price ceiling at China's foreign exchange swap markets does not mean the government will devalue the official renminbi exchange rate drastically, an official with the State Administration of Exchange Control said this week.

The source, who refused to be identified, said the official rate at present—5.7243 renminbi to \$1—reflects the real value of the renminbi, while the rising swap market rates are abnormal.

The remark came at a time when the price of U.S. dollar registered sharp increases in the country's foreign exchange swap markets after the ceiling was removed on Tuesday.

The buying price for \$1 rose to 9.99 yuan at the Beijing-based National Exchange Swap Market on Thursday from 8.04 yuan the previous week.

And the dollar price at the Shanghai Foreign Exchange Swap Market even hit 10.23 yuan this week, an increase of 25 percent from a few days earlier.

However, the official exchange rate has stayed relatively stable. On Friday, the official buying price was 5.6957 yuan for \$1 and the selling price 5.7243 yuan.

"The abolition of the price ceiling is only a normal operation in the market," said the official. "So people should not be surprised at the measure or make groundless speculation."

Starting in late February, the foreign exchange swap markets around the country introduced price ceilings after continuous devaluation of the renminbi in the swap markets.

It seemed that the measure had paid off when the renminbi's exchange rate against the U.S. dollar stabilized around 8 yuan in February, compared with 9 yuan in January.

The official said the measure will limit speculation in the marketplace and improve the use of foreign exchange.

And government has also taken some measures recently to prevent the overheated economy by strengthening management of the money supply and increasing bank interest rates.

Under such a circumstance, the official said, it is a proper time to remove the ceiling price in the markets at present.

The abolition of the price ceiling will help the swap markets find a reasonable rate, he said.



And he predicted the drastic change in the exchange rate in the markets after the abolition is temporary.

"The price of dollar in the markets will gradually reach a reasonable level and the value of the renminbi will stabilize," he said. "We have confidence in that."

But he said the government has not given up its right to step into the market again, although he ruled out the possibility that it would occur in the near future.

"Both the setting and abolition of the price ceiling are aimed at helping the healthy growth of the foreign exchange market, which is not fully developed in China at present," he said.

From spring last year, especially in the first two months of this year, the value of renminbi has fallen sharply—and by February it had been devalued by nearly 40 percent.

The rising price of the U.S. dollar has been attributed to the strong demand for foreign exchange amid China's heated economic development, rising imports and increases in the black market trading of hard currencies.

The sharp depression of the renminbi has dealt a hard blow to many enterprises, which found themselves unable to afford imported goods. Foreign-funded ventures are facing a higher risk in dealing in foreign exchange since they buy raw materials in foreign exchange but sell products in renminbi.

And the drastic depression in the renminbi value has also had some negative impact on China's B-share market, which has been in the doldrums for months.

The drastic changes in the exchange rate will bring higher currency risks to overseas investors in B shares and reduce their confidence in the special shares, which are renminbi-denominated but traded in hard currency, said an official with the China Securities Regulatory Commission.

#### **Interest Rate Rise Shows No Effect on Borrowing**

*HK0706033893 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1023 GMT 2 Jun 93*

[Text] Beijing, 2 Jun (ZHONGGUO TONGXUN SHE)—Mainland industrial and commercial enterprises reacted indifferently to the People's Bank of China's 15 May raise in the interest rates for renminbi loans and savings. Some firms said that as interest can be counted as cost or absorbed through raising prices, the raise does not affect them much.

Bankers said in their analysis that the indifferent response can chiefly be explained by the fact that funds remain tight on the mainland, and there is a pressing demand for loans. As long as firms can secure loans they do not mind the high interest rate. Raising loan rates has not produced much effect on corporate borrowing. The

gap between funds supplied by banks and corporate demand for funds remains wide.

Second, the average 0.82 percent increase in the loan rate is still lower than rates for borrowings through corporate financing, credit cooperatives, and other such channels.

Moreover, the bank interest rate accounts for only 1.5 to 3 percent of the cost of a firm, in some firms even less than 1 percent. The increase in interest rate has almost no effect on their cost and expenditure and no appreciable impact on their burdens.

However, managers of some state-run large and medium enterprises believe that enterprises will have a larger burden this year when the interest rate raise is combined with large increases in prices for raw materials and fuels since early this year.

#### **State-Owned Assets Management Experiment Begins**

*OW0706093793 Beijing XINHUA in English 0806 GMT 7 Jun 93*

[Text] Chengdu, June 7 (XINHUA)—Seven large group companies have been selected to pilot reform measures in the management of state-owned assets in China.

The seven companies include the Dongfeng Automobile Enterprise Group, China National Heavy-Duty Truck Corporation, and East China Electric Group.

To protect state-owned assets when enterprises are changing ownership and operation mechanism has become an important issue in the country, economists said.

In this experiment, a body shall be established in each of these enterprise groups and be entrusted to manage state-owned assets in the members enterprises on behalf of the state, sources said.

When successful experience is gained, the experiment will be expanded to more enterprises, they added.

#### **Article on Shifting Operating Mechanisms**

*HK0506072793 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 21, 24 May 93 pp 6-8*

[Article by Zhu Tao (2612 3614): "Present State and Trend Regarding Transformation of China's State-owned Enterprises' Operating Mechanism"; first paragraph is editor's note]

[Text] The survival and development of state-owned enterprises has a direct bearing on the future and destiny of China's reform as well as China's efforts to build a socialist market economic structure. It has been 10 months since the "Regulations for Shifting Operating Mechanisms of Industrial Enterprises Owned by the Whole People," the most important and unprecedented executive decree aimed at invigorating China's state-owned enterprises, was promulgated on 23 July 1992. To

guarantee smooth "Regulations" implementation, the State Council summoned in May of this year a large number of backbone personnel from the State Economic and Trade Commission, the State Commission for Restructuring Economy, the State Council Legislative Affairs Bureau, and the Ministry of Supervision, and formed a State Council Investigation Group. The investigation group then sent personnel to six big regions, including northeast, north, east, south and central, southwest, and northwest China, where they conducted comprehensive investigations on the "Regulations" implementation situation. Zhu Tao, State Economic and Trade Commission Enterprises Department director, who is still on an investigative tour at the moment, has written for this magazine an article in which he gave a detailed account of the situation over the past 10 months since the "Regulations" was promulgated.

Over the past 10 months since the "Regulations for Shifting Operating Mechanisms of Industrial Enterprises Owned by the Whole People" (hereafter referred to as "Regulations") was promulgated, China has formed a macroclimate for studying, publicizing, and implementing the "Regulations," shifting enterprise operating mechanisms, and pushing enterprises onto the market. Now, more and more people have come to realize that the pace of shifting operating mechanisms of state-owned enterprises has a direct bearing on the pace of building a socialist market economic structure. The 10-month practice has proven that shifting operating mechanisms remains the only way out for the state-owned enterprises bent on building a socialist market economic structure.

**The "Regulations" Have Been Regarded as One of the Most Important and Welcome Executive Decrees Promulgated by the State Council Since Reform and Opening Up and Is Becoming a Weapon for Enterprises To Seek More Decisionmaking Power. At Present, Various Provincial and Municipal Departments Are Also Mapping Out Corresponding Measures to This End.**

Ever since its promulgation, the "Regulations" have been generally welcomed by enterprises as well as society at large. It has been regarded as one of the most important and welcome executive decrees promulgated by the State Council ever since reform and opening up. It is becoming both a weapon for enterprises to seek more decision-making powers and a motive force driving forward functional transformation of various government departments and promoting market and social security system building. The overall situation shows that as a result of sustained efforts made in this regard, especially after the 14th CPC National Congress, we have scored initial and tangible results in implementing and carrying out the "Regulations."

—All quarters concerned have attached great importance to the "Regulations" with the result that we have improved to a significant extent an environment for improving large and medium enterprises. The majority of principal provincial, municipal, and

department leaders concerned have taken personal charge of implementation work. Most of the provinces, municipalities, and departments concerned have set up either leading groups or offices with a view to providing guidance to "Regulations" implementation work, and have placed this work high on important party and government work agendas. They have also succeeded in creating favorable public opinion in the whole society for studying and publicizing the "Regulations" by virtue of running training classes, holding symposiums, and increasing media coverage to this end. This year, both the National People's Congress [NPC] deputies and the Chinese People's Political Consultative Conference [CPPCC] members have shown ardent enthusiasm and concern for the work of shifting operating mechanisms of state-owned enterprises and offered countless views and proposals in this regard. It is the concern and support on the part of the people of the whole country as well as people of all walks of life in the society that have created a favorable microclimate for reform of state-owned enterprises.

—Now, provinces and municipalities have worked out corresponding regulations to this end while various miscellaneous departments are rapidly formulating relevant rules and regulations. By the end of March this year, 30 provinces, regions, and municipalities across the country had formulated implementation regulations. Some provinces and municipalities that have completed this work earlier than others have also worked out specific measures of implementing their locally drafted "Regulations" implementation regulations. We have made an initial analysis of implementation regulations promulgated by 19 provinces and municipalities and found 242 regulations known for their in-depth breakthroughs in 17 aspects. The various departments need to map out 28 corresponding regulations. So far, they have already promulgated three corresponding regulations and will promulgate two more in the near future. They have drafted 17 regulations thus far and are currently soliciting opinions of various State Council departments concerned in this regard. They will relay the draft regulations to lower levels in the foreseeable future. At the moment, they are drafting six other corresponding regulations.

—The work of experimenting with shifting operating mechanisms in selected enterprises has yielded satisfactory results. On the basis of the experiments conducted among more than 8,000 enterprises by the end of last year, various provinces and municipalities have also carried out similar experiments in another batch of selected enterprises and scored excellent economic efficiency.

—Implementation work has pushed ahead with functional transformation of government departments as well as market growth. The "Regulations" have given a powerful impetus to both functional and style transformation of government organs at all levels. As a result, State Planning Commission has refined its

1993 plan compilation work by cutting the number of plan quotas under its control from 221 to 139 and the number of mandatory plan quotas from 143 to 73; the Finance Ministry has formulated and promulgated "Enterprise Financial Regulations" and "Enterprise Accounting Regulations" in accordance with the requirements of a market economic structure; the State Administration of Commodity Prices has also revised and promulgated a revised catalogue of production means, communications, and transportation prices, cutting the number of commodities controlled by the state and the departments concerned from 737 to 89, thereby allowing enterprises to set prices for a total of 571 commodities. More than 10 state organs, including the Metallurgical Industry Ministry, the Railways Ministry, the China Nonferrous Metals Industry Corporation, the Communications Ministry, and so on, have also mapped out policies aimed at streamlining institutions and delegating decision-making powers to lower levels. For instance, the China Nonferrous Metals Industry Corporation has cut the number of its departments from 17 to seven and its staff from 843 to 296; the Personnel Ministry has delegated to enterprises the power to hire professional and technical personnel and has stopped issuing cadre quotas to enterprises as of 1993. In the meantime, governments at all levels have preliminarily screened and abolished decrees, regulations, and executive documents not in conformance with the "Regulations."

—The work of delegating operational powers to enterprises has witnessed certain progress. A partial analysis conducted among 11 provinces and municipalities as well as 16 key enterprises shows that five out of 14 enterprise operational powers have been basically delegated (namely, operational decision-making, goods and materials purchasing, product marketing, wages and bonus distribution, associated operation and amalgamation) while five other operational powers (products and labor services pricing, retained funds distribution, assets disposal, personnel management, and internal institutions establishment) have been partially delegated. Four more operational powers (investment decision-making, import and export operational, labor employment, and apportionments rejection) have not yet been delegated. The overall situation shows that this work has made much progress with the majority of enterprises selected for shifting operating mechanisms on a trial basis in various coastal provinces and municipalities having obtained necessary operational powers.

#### **The "Regulations" and "Enterprise Law" Are Aimed at Invigorating Enterprises by Pushing Them Into the Market**

It is due to various profound social and historical reasons that the "Regulations" have been promulgated and very well received. State-owned enterprises now constitute the mainstay of the Chinese economy. There are more than 105,000 state-owned industrial enterprises in China at the moment. Although they account for only

one fifth of the total number of industrial enterprises at and above the township level, they are creating 60 percent of the country's total output value and turning over 70 percent of the country's total profits and taxes. Since state-owned enterprises still are the lifeblood of China's national economy, their development and survival have a crucial bearing on the future and destiny of socialist China. Nonetheless, for a long time, especially since reform and opening up, an outstanding contradiction plaguing China's economic life has been that state-owned enterprises, especially large and medium enterprises, lack vitality. This contradiction has adversely affected macroscopic social and economic efficiency to a serious extent and impeded overall national economic development as well.

Insofar as a macroenvironment is concerned, peace and development are still two major themes in the present world. However, the international economic competition has become tenser than ever before. Therefore, China should join the international community, participate in the international competition, and do things in accordance with international convention. Now that it is high time China resumed its GATT signatory status, should Chinese enterprises still remain devoid of necessary vigor and shackled in their own development, China would find it hard to face up to this challenge and seize the current opportunity.

It was against such a background that the "Regulations" were drafted. A central work conference held in 1991 to study ways and means of improving large and medium-sized state-owned enterprises explicitly set out this task. The "Enterprise Law" adopted by the First Session of the Seventh NPC in April 1984, was the first basic enterprise law for the state-owned enterprises promulgated since the PRC's founding. The "Enterprise Law" has established in the form of law a socialist enterprise system with Chinese characteristics for the present period, thereby charting a clear-cut orientation for enterprise reform. Nonetheless, the overall situation shows that the "Enterprise Law" has not yet been implemented in a satisfactory manner mainly because we have not formulated a whole set of corresponding rules and regulations, as well as detailed measures for implementing the "Regulations." Under the circumstances that it is unlikely for us to work out comprehensive and detailed rules and regulations for implementing the "Enterprise Law" in the foreseeable future, formulating rules and regulations aimed at grasping such a key link as shifting enterprise operating mechanisms will effect a fundamental facelift for the state-owned enterprises.

**The Party Central Committee Has Attached Great Importance to the "Regulations," Whose Drafting Was Presided over by Zhu Rongji and Which Was Promulgated as an Order Issued by Premier Li Peng. General Secretary Jiang Zemin Has Also Made Important Instructions in This Regard.**

The CPC Central Committee and the State Council leaders have attached great importance to the drafting of



the "Regulations" which was presided over by Vice Premier Zhu Rongji in person. After more than nine months of discussions and repeated solicitations of opinions, the "Regulations" were finally drafted after being revised seven times and promulgated as an order issued by Premier Li Peng. During the drafting process, the authorities concerned conducted a lot of investigation and study, held scores of conferences to discuss and debate issues, solicited a wide range of views from enterprises, experts, and scholars, held two national conferences devoted to the issue, and studied proposals submitted by most of the provinces, regions, and municipalities, as well as departments concerned, for revising the draft "Regulations." During that period, Vice Premier Zhu Rongji chaired 14 coordination meetings attended by ministerial-level leaders. The "Regulations" deepened and extended relevant stipulations of the "Enterprise Law" and absorbed fresh reform experiences. It can be said that the "Regulations" signalled a major step China has taken to improve state-owned industrial enterprises.

In his report to the 14th CPC National Congress, Jiang Zemin outlined 10 major reform and construction tasks for the whole party and the people of the whole country to accomplish in the nineties, the first of which is "quickening the pace of economic reform while building a socialist market economic structure." The first component of the first major task is "shifting operating mechanisms of state-owned enterprises, especially large and medium ones, and pushing them into the market to increase their vitality and raise their efficiency." Jiang stressed: "This is the key to establishing a socialist market economic structure, consolidating the socialist system, and bringing into play socialist superiority." General Secretary Jiang's remarks clearly and penetratingly pinpointed the extreme importance and historical position of the work of shifting enterprise operating mechanisms. Besides, on the eve of the "Regulations" promulgation, Jiang Zemin gave the following important instruction: "Practice over the past many years has proven that it is by no means easy to improve large and medium state-owned enterprises. However, we must make continued efforts to make a success of the work. The State Council has formulated the "Regulations" under excellent circumstances in which the whole party is conscientiously studying and implementing the spirit of a series of speeches made by Comrade Xiaoping during his South China tour. I hope that the party and government departments at all levels will continue to emancipate the mind, transform government functions, and delegate decisionmaking powers to enterprises in a down-to-earth manner." This instruction, which was later relayed at a national conference on shifting enterprise operating mechanisms, has provided both guidance and impetus to the on-going nationwide "Regulations" implementation work.

**Shifting Mechanism Is Also a Revolution. Enterprises and Government Departments Will Also Experience a "Rebirth" Process.**

The practice of implementing the "Regulations" over the past 10 months has proven that the reform is indeed

a revolution while shifting enterprise operating mechanisms and pushing enterprises into the market constitute a crucial stage of the revolution and represent a "rebirth" process for the government departments at all levels.

Some government departments have failed to acquire a correct understanding of both the importance and significance of the "Regulations" and have been slow and slack in implementing them. Some have even intentionally or unintentionally done things contrary to the "Regulations." For instance, some government and economic departments have transferred in a disguised way executive powers to "renamed companies [companies that are government departments in reality]," thereby "doing business without giving up executive powers." Some have issued executive orders to force enterprises to join "enterprise groups" regardless of their rights and interests, thereby dampening enthusiasm on the part of enterprises. Other have even retained, on various pretexts, powers that should be delegated to enterprises. All these practices have run counter to the spirit of the "Regulations."

These problems have emerged because some cadres are still accustomed to a whole set of planned economic management concepts, methods, and modes as well as direct intervention in enterprise operation and management. Moreover, they have tried hard to protect their own unreasonable partial, departmental, and individual interests, thereby impeding the work of shifting enterprise operating mechanisms.

The key to shifting enterprise operating mechanisms and delegating decisionmaking powers to enterprises lies in transforming government functions. It would be impossible for enterprises to shift operating mechanism or win a complete victory in this connection without having government functions transformed, powers delegated, and existing leadership and management methods changed. Though it has not provided a comprehensive and specific definition of government functions, the "Regulations" have in principle defined relations between the government and enterprises from the angle of shifting enterprise operating mechanisms, thereby providing government institutional reform with an important legal basis. Of course, we should cultivate a sense of urgency and responsibility in implementing the "Regulations." Enterprises concerned should first drink this cup of water before knowing whether it can relieve their thirst or not.

Fully affirming the role of the "Regulations" is in no way to suggest that the "Regulations" are already perfect. After all, as an historical product, it has to be gradually perfected through practice. However, it is certainly a "stone" on which we should step when we "cross the river by walking on the stones under the water." It is an unavoidable stage leading towards a full-fledged market economy.

**We Would Miss an Important Opportunity if We Waited Too Long. Enterprises Can Still Accomplish Something Even in the Absence of Favorable External Conditions.**

Some localities, departments, and enterprises have been slow in implementing the "Regulations." An important reason is that they have preferred waiting to taking the initiative. As a result, lower levels have waited for higher levels to issue orders; professional departments have waited for the miscellaneous departments to issue orders; and enterprises have waited for the departments in charge to give orders. Some have waited for others to take the initiative so that they will be able to use experiences accumulated by others. Others first waited for the 14th CPC National Congress and then for the people's congresses at various levels to provide guidelines and are now waiting for an institutional reform plan to be mapped out. All these practices have attested to the lack of an ardent reform spirit and initiative for pioneering work. In accordance with the "Regulations," some miscellaneous departments should have worked out certain corresponding measures by August of last year. Their failure to do so as scheduled has made it difficult to implement certain articles of the "Regulations." What is gratifying is that this work is proceeding well at present.

Some enterprise leaders complained of the absence of favorable external conditions and said that they would rather wait for the external conditions to improve than take the initiative at once. We should stay sober-minded on this question. It takes time to transform government functions, refine market systems, rationalize price structures, establish a social guarantee system, and obtain other favorable external conditions. However, enterprises can make important contributions to this process. On the one hand, the enterprise leaders should dare to ask for and win more decision-making powers from their "grandmothers" in accordance with the law so as to push ahead with all corresponding reforms; on the other hand, enterprise leaders should be good at exercising powers and doing work well to create favorable internal conditions first. Should they choose to wait until all external conditions have improved, they would certainly let slip a host of excellent opportunities. It would be quite unrealistic of them to do that. Those enterprises successful in transforming operating mechanisms earlier than others will be the first to benefit from such a reform. This is in fact a competition.

**This Year's Task: To Basically Delegate 14 Decision-Making Powers To Allow Most Enterprises To Operate in Accordance with a New Mechanism.**

The State Council National Economic Work Conference pointed out that this year's "Regulations" implementation task is as follows: basically to delegate 14 operational decisionmaking powers to all state-owned enterprises to allow most of them to operate in accordance with the new mechanism provided for in the "Regulations." This is an arduous task. However, it is quite

possible for us to accomplish this task. Now that "Regulations" implementation work has entered a difficult and crucial stage, we must forge ahead in face of difficulties and resolutely implement and carry out the "Regulations" to the letter in accordance with the spirit of the 14th CPC National Congress and the Eighth NPC.

First and foremost, we should make continued efforts to study and publicize the "Regulations." We should continue to vigorously push ahead with government functional transformation while furthering institutional reform. We should publicize both positive and negative examples and make public typical cases in which governments or enterprises violate the "Regulations."

Second, we should step up supervision over law enforcement work and conscientiously handle cases of complaints. Law enforcement supervision departments at all levels should strictly enforce the law, conscientiously deal with cases of violating the "Regulations," properly handle complaints lodged by enterprises, and actively safeguard legitimate rights and interests of enterprises.

Third, we should quicken the pace of all corresponding reforms. The various State Council departments at various levels should more expeditiously formulate relevant rules and regulations and strive to have this work completed in the first half of this year. We should also step up market building, speed up social security system building, and speedily formulate relevant laws and decrees. Should we fail to speed up reform in such fields as finance, investment, labor, personnel, social security, and so on, it would be difficult for us to foster an essential production means market and have relevant decisionmaking powers delegated to enterprises. We must attach great importance to the work of legislating all reform policies and measures that have proven effective in practice in a timely and gradual manner.

Fourth, we should be bold in making explorations and make constant efforts to discover and resolve new problems to deepen the on-going reform. For instance, we failed to work out specific regulations for smoothing out property rights and managing state-owned assets in enterprises due to lack of a consensus of opinion on the issue. Nevertheless, we should no longer try to avoid this issue given the fact that experiments on implementing the joint-stock system and separating taxes from profits have been extensively carried out in selected enterprises.

Fifth, we should implement the "Regulations" while furthering all types of work at the moment. Reform is aimed at further liberating and developing productive forces. While implementing the "Regulations," we should also strive to improve quality, raise efficiency, optimize structures, strengthen enterprise management, and improve large and medium state-owned enterprises to speed up national economic development.

### State Firms To Be Offered To Investors

HK0506024593 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 5 Jun  
93 p 1

[Article by Kent Chen in Beijing]

[Text] The Chinese Government is to sell as much as 30 percent of large and medium-sized state-owned industrial enterprises in its latest round of economic reform. Jia Heting, a senior official of the State Commission for Restructuring the Economic Systems, said: "Legal entities, individuals and foreign investors will all be allowed to buy."

The state owns more than 2.6 trillion yuan (about HK\$3.51 trillion at the official rate) of assets in about 11,000 large and medium-sized industrial enterprises, most of which are in key industries of energy, communications, machinery, iron and steel, and chemicals. These groups are only two to three percent of all enterprises in the country but their combined assets account for more than 60 percent of the national total and their output is about half of the national aggregate. According to the State Statistics Bureau, 33.8 percent of state-owned industrial enterprises showed deficits in the first four months of the month.

Mr Jia denied the stake sale was a sort of privatisation, saying: "This is a way to transform idle assets into flowing capital." In order to maintain the system of public ownership, only 20 to 30 percent of the state assets in an enterprise would be sold, he said.

By selling part of the property rights of state-owned enterprises, the Government could use the revenue to reinvest in other industries, he said. Dismissing fears that the Government would use the funds raised from the sale of state assets to cover the ballooning budget deficit, Mr Jia stressed that they would be reinvested in the economy. "The revenue should be invested in the development of new and high-technology industries, key sectors such as energy and transport, and in revitalising old state enterprises," he said.

Mr Jia said the Government would choose a number of enterprises in processing industries for sale as an experiment before deciding on the full-scale sale of state assets. "This is a major step in the reform of our enterprises. The main obstacle is that some people are worried that the sale will lead to privatisation of state assets," he said.

To ensure the exercise is carried out smoothly, the state commission and other related government departments are drafting tentative regulations on the management of state assets. These regulations are expected to sort out the complex ownership system of state enterprises.

Mr Jia admitted that there were disagreements over which government department should be responsible for the management of state assets. "Suggestions include the Bureau of State Assets Administration, the Finance

Ministry, or the higher administrative organs of the enterprises," he said. "There are even more radical proposals for the setting up of a separate authority under the Standing Committee of the National People's Congress to look after state assets."

Small state-owned enterprises in cities and towns would see property rights ownership sold to workers in a bid to improve productivity and profitability.

The State Commission for Restructuring the Economy is drafting rules for the management of township joint-stock co-operatives, which will spell out the future direction of these enterprises. "The main purpose is not to raise funds, but to increase a sense of belonging among workers in order to improve productivity," Mr Jia said. "This will also help realise their goal of being the masters of their own enterprises."

Most of the stocks listed on the Shanghai and Shenzhen markets are state-owned enterprises which adopted the shareholding system.

### Revamped Coal Ministry Formulates Development Program

HK0606052593 Beijing CHINA DAILY (BUSINESS  
WEEKLY) in English 6 Jun 93 p 1

[By Chang Weimin: "Coal Mines Aim at 1.5b Tons by 2000"]

[Text] China's Coal Industry Ministry, which was officially re-established last week, is facing a series of tough challenges.

The industry, which employs 7 million people and produces 1.1 billion tons of coal a year, will have to push production up to 1.5 billion tons by 2000 to support the national economy.

The ministry was earlier dismantled and its functions were shifted to the former China National Coal Corporation and the former Ministry of Energy Resources.

The central government's decision to re-establish the ministry indicates the importance it attaches to the production of coal, which constitutes 74 percent of the country's energy consumption.

The industry had been operated under the rigid central planning for decades, but now has to conform itself to the market economy.

In addition, the industry has to become profitable as subsidies from the central government will be totally removed in three years.

Coal mines have been inefficient for decades due to artificially-low State-set prices for coal and poor management.

However, Wang Senhao, the Coal Industry Ministry, is confident of fulfilling his mission, saying the industry will become profitable in three years.



Wang, who was the governor of Shanxi Province, China's largest coal producer, for 10 years, outlined the tasks for the industry in the next five years at a ceremony to mark the ministry's re-establishment in Beijing last week.

There are opportunities for the industry to quicken development as the reforms and open practices are being accelerated nationwide, Wang said.

He urged entrepreneurs from coal mines to turn their attention from only fulfilling State production quotas to working efficiently and turning out better economic results.

Mines are to meet market needs and must strive to achieve top economic efficiency, and all works should revolve around those goals, Wang said.

The ministry has made a package of programmes for adjusting the industry onto a fast, healthy development under the market economy.

The programmes include moves to:

- Liberalize the prices of coal to be produced in key State mines in accordance with market economic rules within three years;
- Close hopeless mines where production costs are too high and geological conditions are too poor to be improved;
- Transfer hundreds of thousands of workers from coal mines into coal processing and service industries to cut production costs;
- Build 100 high-yield mines with equipment both domestically-developed and imported from overseas.

Machinery systems capable of handling 2 million tons of coal or more are to be developed and manufactured.

Also, key technology and equipment will be introduced from overseas;

- Construct electric power stations near coal mines.

However, officials from the ministry said they will consult the Ministry of Power Industry to work out a co-operative plan.

Under the central planning economy for decades, coal mines had not been allowed to deal in the power generation business;

- Beef up coal processing and upgrade coal products;
- Rectify farmer-run coal mines, which have paid little attention to scientific exploitation of resources, environment protection and workers' safety;
- Draft a coal law so there will be unified yardsticks for tackling issues concerning efficient resources exploitation, environment protection and relations between coal mines and regional authorities;

- Make long-term coal mining development plans and related policies and measures for implementing the plans;

- Strengthen resources exploration and construction of efficient mines;

- Establish a network of coal exchange markets in accordance with the development of the national market economy.

Great attention should be paid to investigations and studies of the market and sales expertise;

- Beef up co-operation and technical exchange with the outside world;

- And closely follow the development of science and technology in the outside world and improve coal production by pushing forward technical progress.

#### **Border Trade Witnesses 'Remarkable Growth'**

OW0706025593 Beijing *BEIJING REVIEW* in English  
No 22, 31 May-6 Jun 93 pp 18-21

[Article by staff reporter Zhang Zhiping: "Border Trade Reaches New Stage"]

[Text] The successive opening up in 1992 of 13 border cities approved by the State Council pushed these undeveloped areas to the forefront of foreign trade and witnessed remarkable growth in their volume of imports and exports.

According to the Ministry Of Foreign Trade and Economic Cooperation (MOFTEC), the total volume of China's border trade in 1992 amounted to US\$3.5 billion, up 126.7 percent over 1991. Of this figure, US\$300 million came from Xinjiang, a more than two-fold increase over 1991. The US\$1.5 billion concluded by Heilongjiang in its trade with Russia surpassed the highest level with the former Soviet Union. In short, the opening up of border cities brought a vigorous boom to areas along China's 22,800-km border line.

Along China's land borders from northeast to southwest lie eight provinces and autonomous regions bounded by 15 foreign countries including Korea, Russia and the Republic of Mongolia.

In China's border trade of the early 1980s, efforts were made to resume barter markets and reciprocal trade that had been suspended for a time. With the normalization of relations between China and the former Soviet Union and the relaxation of border tension between China and Vietnam, border trade between China and these adjoining nations has developed rapidly. MOFTEC statistics indicate that the total volume of China's border trade rose from less than 1 billion yuan in 1989 to US\$1.91 billion in 1991. Border trade has begun to progress from traditional exchange and reciprocal trade

between local residents and local governments to an advanced stage of trade along with economic and technological cooperation.

To date, 138 border cities and counties in China have opened more than 100 ports, including over 30 national-class ones, in addition to numerous barter markets for local residents. In July 1992, border trade between Burang Pass of Tibet and Uttar Pradesh State of India, that had been suspended for 33 years, was resumed, indicating that border trade between China and its neighboring countries is spreading everywhere.

#### Trade With Ex-USSR

Border trade between China and the former Soviet Union resumed in 1983 and developed rapidly in the wake of 20 years of border tension. In 1987, the volume of China's share totalled US\$88 million. Since then, the business between the two countries has increased by leaps and bounds.

Heilongjiang, Inner Mongolia, Jilin and Xinjiang were the former Soviet Union's major border trade partners.

In 1992, Heilongjiang Province opened 17 ports which accounted for 10 percent of the nation's first-class ports. Its volume of border trade with Russia made up two-thirds of the country's total with the Commonwealth of Independent States (CIS) and amounted to 53 percent of the total volume of provincial imports and exports.

Heihe is the biggest border city in northeast China. To date, more than 260 provinces, cities and counties have set up offices there and several thousand enterprises across the country have invested in the city. Some business people from Japan, South Korea and Eastern Europe have established enterprises and companies on the spot. In order to attract more investment and turn Heihe into a multi-functional border open city, the local government has issued a series of preferential policies and made giant strides in the construction of infrastructure facilities and environmental improvement.

Heilongjiang has also made progress in economic cooperation with the CIS. By the end of last October, the volume of economic and technological contracts signed by the province were valued at 2.1 billion Swiss Francs, surpassing the total of the previous four years.

Border trade between the Xinjiang Uygur Autonomous Region and the CIS has also developed rapidly. More than 10 open ports along the 5,400-km boundary line have been changed from rugged scenic spots to commodity distribution and exchange centers. In 1992, over 1.5 million tons of goods and more than 500,000 people passed in and out of these ports. The Alataw Pass, opened in recent years, has become the biggest rail transport post in west China. In 1992, the proportion of the region's border trade to its total foreign trade rose from 20 percent in 1991 to 40 percent. The number of foreign-invested projects approved last year reached 146, exceeding the total in the preceding decade.

Major progress has also been achieved by Jilin and Inner Mongolia in border trade with the CIS, and the volume topped US\$520 million and US\$460 million respectively last year.

In addition to barter trade, border trade between China and the CIS also includes spot exchange trade, the establishment of joint ventures, project contract, labor cooperation, joint production, processing with supplied materials and compensatory trade, as well as opening of Chinese commodity department stores, restaurants and hotels, and technological cooperation.

By the end of 1992, China had set up 195 joint ventures and 100 trade agencies in the CIS, and sent more than 15,000 Chinese workers to these countries.

Border trade with the CIS is strongly reciprocal. Imports have begun to change from daily necessities to materials for industrial use and from low-level technical commodities to high-tech goods. Today, China mainly exports textiles, farm and sideline products, machinery and electric items to the CIS while importing heavy industrial products, chemicals and raw materials in return.

#### Trade With Myanmar [Burma]

Bounded by Myanmar and Laos, Yunnan Province has pushed forward in border trade since 1984. Each day, merchants from home and abroad gather in trade zones and barter markets, presenting a bustling scene. Border trade surpassed 2 billion yuan in 1992 and the varieties of commodities trade expanded from 1 daily necessities, light and textile industrial goods to key manufacturing products such as steel, building materials, wire, cables and motors.

Wanding Town, located in southwest Yunnan and an important inland transport hub linking up Southeast Asian countries, has become a new development zone for foreign economic links and trade. In April 1993, the "Gold Triangle" Wholesale Center, a major border trade market covering 2,000 stalls, started business. Some economists hold Wanding commands the best economic position and promises high hopes as an ideal economic center because the areas to its north and south are economically backward.

To date, simple commodity exchange in Yunnan has advanced to a higher stage of industry-trade, agriculture-trade and technology-trade integration, and cooperation with neighboring nations has been expanded. For instance, Yunnan and Myanmar have been jointly developing manganese ore, coal and teak in the Shan State in east Myanmar. Yunnan's building teams, with cement, steel products and equipment, have gone to the Laos to contract construction projects there.

#### Trade With Vietnam

Since resumption of border trade with Vietnam in 1983, border trade in Guangxi has developed step by step. The trade thoroughfare has extended from land to sea and

commodities traded have expanded from agricultural and sideline products, local products and daily necessities to more than 1,000 varieties, including capital goods. The total volume of border trade rose from 420 million yuan in 1989 to 2.3 billion yuan in 1991. Much headway was made to reach 3 billion yuan in 1992. At present, 25 barter markets have been established for residents on either side along the 1,020-km border.

In 1992, China exported to Vietnam 1 billion yuan worth of bicycles, diesel engines, walking tractors, cement and rolled steel. It imported coal, rubber, palm oil and timber in return, to mitigate the shortfalls of raw materials in some areas.

#### Border Economy

Owing to disparities in environmental improvement and development of infrastructure facilities and transport in border provinces and autonomous regions, progress in border trade is unequal. For instance, compared to rapid takeoff for Yunnan, Guangxi, Heilongjiang, Inner Mongolia and Xinjiang, the border trade between Tibet and Nepal and between Liaoning and Jilin provinces and the Republic of Mongolia and the People's Democratic Republic of Korea has been small in scale, amounting to only several million US dollars a year. Even so, it has invigorated local economies.

The rapid growth of border trade has increased the financial revenues of some local governments, injected vigor into enterprises with national traits and promoted the readjustment of industrial structures in border areas.

Several years ago, the 19 counties and cities in Heilongjiang's border regions had only several manual labor industries, but now, a border economic system consisting of trade, industry and farming has taken initial shape there.

A decade of progress in border trade has lifted half of the 27 counties in Yunnan Province out of poverty. The formerly poverty-stricken town of Wanding has been transformed into one of the nation's top 36 well-off counties.

The rapid growth of border trade in Inner Mongolia has also brought impetus to local industry and rejuvenated some enterprises on the brink of bankruptcy. At present, it has opened up comprehensive border trade with the Republic of Mongolia and Russia in various ways and channels. The number of companies engaging in border trade has grown from one to six.

Combining trade with industry, some border counties and cities in Guangxi have established processing enterprises.

#### Commodity Inspection

In the rapid development of border trade, commodity inspection is a weak link, which directly impairs the quality of exports. One official of the MOFTEC recently

pointed out that this problem would hinder the development of border trade if not resolved as quickly as possible.

Over the past few years, some fake and inferior commodities flowing to Russia have seriously damaged the prestige of Chinese goods. Such Phenomena have also appeared in the Sino-Myanmar border.

Chinese commodities have long been famed for their good quality and reasonable prices. The problem lies in the lack of administrative measures, particularly commodity, inspection institutions, in some border regions. Take Yunnan for an example. Along its 4,060-km borders stand 26 counties and cities bounded by foreign nations and 17 open ports, but, only three commodity inspection institutions have been established in Kunming, Ruili and Wanding.

In order to guarantee product quality, the official said, a series of new measures will be introduced this year. For instance, there will be custom controls over the quantity of commodities taken across borders by peddlers and a list of commodities requiring inspection for export will be published.

#### Capital Construction Spending Up 68 Percent

HK0606040093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Jun 93 p 8

[By Song Ning: "Capital Construction Spending Leaps by 68 Percent"]

[Text] Industrial production continued to ride high in the first four months of this year as spending on capital construction rose by about 68 percent over the same period in 1992.

Factories across the country churned out an inflation-adjusted output value of 1.035 trillion yuan (\$178.4 billion) during the January-April period, an increase of 23 percent, according to the State Statistics Bureau.

High industrial growth has laid a solid foundation for the country's planned economic growth of between 8 to 9 percent for this year. It is expected that the growth in the gross domestic product may exceed 10 percent this year, compared with 12.8 percent in 1992.

On the other hand, these factors have already created strong inflationary pressures. Prices of many raw materials, such as timber, cement and steel, have spiralled up. Living costs in 35 major cities climbed 16 percent in the first four months of the year.

As usual in recent years, January-April's high industrial growth was mainly generated by non-State enterprises. State factories produced a total of 579.2 billion yuan (\$99.9 billion), 8.9 percent more than the same period last year.

Collective firms, including rural factories, produced a total of 353.1 billion yuan (\$60.9 billion), up 42.2



percent. Rural industrial firms' output value was 209.5 billion yuan (\$36.1 billion), an increase of 74.6 percent.

Private and foreign-invested producers' output value reached about 102.3 billion yuan (\$17.6 billion), up 66.9 percent.

Production of light industries grew by 19.2 percent, yielding an output value of 488.1 billion yuan (\$84.2 billion), while heavy industries grew by 26.5 percent to reach 546.4 billion yuan (\$94.2 billion).

During the first four months this year, China produced 8.9 million television sets, down 5.2 percent; 2.7 million washing machines, up 1.5 percent; and 1.7 million refrigerators, up 8.1 percent.

It also generated about 1.6 million tons of yarn, up 1.1 percent; 578 million metres of synthetic fibres, up 4.7 percent; 3.3 million tons of beer, up 29.3 percent; 28.7 million tons of steel, up 12 percent; 25.1 million tons of rolled steel, up 20.9 percent; 4.1 million tons of sulphuric acid, down 9.1 percent; 1.6 million tons of soda ash, up 17.9 percent; 6.7 million tons of chemical fertilizers, down 3.1 percent.

Output of timber reached 15.5 million cubic metres, down 6.9 percent; cement hit 103.6 million tons, up 29.7 percent; automobiles 446,000 units, up 47.5 percent.

Energy output equalled 330.4 million tons of standard coal during the first four months this year, up 4.7 percent.

The amount included 338.6 million tons of raw coal, up 6.2 percent; 47.5 million tons of crude oil, up 0.9 percent; about 5.5 billion cubic metres of natural gas, up 5.4 percent; and 33.3 billion kilowatt hours of hydraulic electricity, down 3 percent.

Fixed assets investment by state enterprises came up to 55.8 billion yuan (\$9.6 billion) during the January-April period, up 67.7 percent.

#### Activities of Brokers in Market Economy Noted

OW0606045093 Beijing XINHUA in English 0155  
GMT 6 Jun 93

[Text] Beijing, June 6 (XINHUA)—A total of 64,300 brokers and 1,020 brokerage organizations are playing an active role in China's drive for market economy.

This was stated by Cao Tiandian, deputy head of the State's Administration for Industry and Commerce.

The brokers are helping promote trade transactions, invigorate commodity circulation and spur the transformation of scientific results into productive force, the deputy administrator said.

The brokerage services have expanded their business scope from living materials and capital goods to the

marketing of scientific results, capital, investment and real estate and cultural exchanges; from spot transactions to futures ones.

Judging from commodities dealt with, the brokers who engaged in living and capital goods constitute the majority of the newly-emerged professions.

Statistics from the Guangzhou Bureau of Industry and Commerce showed that of the total transaction volume through brokers in recent years, capital goods accounted for 64 percent, industrial products for daily use and non-staple foods, 27 percent, and the transfer of scientific results and foreign investment introduced, nine percent.

The official said that people who engage in brokerage include unemployed workers, peasants, retired personnel and surplus staff in state enterprises.

A large number of brokerage agencies were established nationwide, and most of them were based on various markets, trade centers and commodity exchanges.

According to the official, the brokerage agencies have developed quickly in the coastal provinces in the south. They have not only provided places, information and facilities for the brokers, but also gradually developed themselves into independent corporations which are responsible for their own profits and losses.

To ensure a sound development of brokerage, the state is working out rules and measures to standardize the economic activities of brokers.

#### Documents Issued on Foreign Experts Management

OW0506034993 Beijing XINHUA in English 0303  
GMT 5 Jun 93

[Text] Beijing, June 5 (XINHUA)—China has issued two important documents on the management of affairs with regard to foreign experts and this represents an important step for the country to regularize its open management of such affairs in accordance with the law.

The documents—"Temporary Provisions on the Administration of the Employment Contract for Foreign Experts Working in fields of Culture and Education" and "Temporary Provisions on the Arbitration of Disputes on the Employment Contract for Foreign Experts Working in Fields of Culture and Education"—were made public by the State Bureau of Foreign Experts affairs in late May.

The first is designed to regularize the administration of employment contracts for the experts, while the second is to better protect the rights and interests of the employer and employee, especially when they have disputes.

A leading official of the State Bureau of Foreign Experts Affairs explained that to have more foreign experts to work in China, it is essential to issue open regulations.

There are well over 7,000 foreign experts working in China's institutions of higher learning, press units and in the fields of publication, art and culture, public health and physical culture. The figure represents a 20-fold increase over 1980.

The management of affairs with foreign economic experts and technicians in China, now numbering tens of thousands, is done under agreements or contracts signed between those involved, the official said.

#### **Official 'Confident' of CIS, East Europe Trade**

*HK0606063093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Jun 93 p 2*

[Report by Wang Yong: "Moftec Confident Trade With E. Europe and CIS Will Surge"]

[Text] Bolstered by a surge of activity in the first four months of the year, China's trade with the former Soviet republics and Eastern Europe is set to grow through 1993.

A senior Chinese trade official told Business Weekly that China would take even more positive steps to penetrate these markets, which he said have "big potential."

"We're confident that our trade with these countries (altogether 25) this year will surpass the 1992 level of \$7.5 billion," said Geng Xuncai, deputy director general of the European Affairs Department of the Ministry of Foreign Trade and Economic Co-operation (Moftec).

Two-way trade soared to more than \$3 billion from January to April, according to Chinese customs.

That constitutes about 40 percent of last year's total.

In the breakdown, trade with Russia hit \$2.3 billion (compared with \$5.8 billion all of 1992); trade with Poland reached \$120 million; trade with Kazakhstan was \$110 million; trade with Romania totalled \$80 million; while trade with the Czech Republic came to \$70 million.

"We are giving the go-ahead to a variety of trade forms, including cash, barter and border trade.

"Besides, local governments and enterprises have been active in trading with these countries, therefore trade volumes have rocketed," Geng explained.

China's northwest and northeast regions are the leaders in border trade with these countries.

Geng says China's trade with these nations has resulted in "quite good performance given the fact that some of them are gripped by domestic economic problems."

"Provided we work together, our trade will further develop," he says.

He maintains that the economies of China and these countries complement each other well.

China mainly imports machinery equipment, chemical products and raw materials.

It exports light and textile industry products, chemicals and some raw materials.

Already, China has set up more than 550 companies (wholly-owned or joint venture ones) and corporate representative offices in these countries.

In Kazakhstan alone, there are some 180. Russia has 120; Hungary, 42; Estonia, 34; Lithuania, 26.

Moftec will send high-level delegations to most of these countries later this year to promote bilateral trade.

During the visits, Geng says, China plans to sign several trade accords and investment protection agreements.

"The Chinese Government attaches great importance to trading with the former Soviet Union and Eastern Europe," he says.

China has so far taken a series of positive measures to boost bilateral trade, but Geng did not elaborate.

China has also vowed to tighten up control over the quality of its exports to these nations this year.

"Quality is the theme of our trade with these countries, especially the Commonwealth of Independent States (CIS)," Chinese trade officials say.

China will take measures to harness its trade with CIS through individual traders, dubbed "daoye" in Chinese.

#### **Agriculture Officials Note Rising Grain Prices**

*HK0606074593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Jun 93 p 8*

[By Yun He: "Prices of Grain Crops Shooting Upwards"]

[Text] China's grain price reforms have had a direct effect on the country's agricultural wholesale markets, which are witnessing substantial growth in business transactions.

Senior officials with the country's major agricultural wholesale markets in Zhengzhou, Hubei, Jilin, Heilongjiang and Beijing predict bright prospects for grain trading as a result of the central government's deregulation of grain prices.

"Prices for such major crops as wheat, rice, maize, soybean, sesame, peanut and rapeseed are expected to look good, prompted by stronger demand this year," said Li Jingmou, head of the Zhengzhou Grain Wholesale market in Henan Province.

The countryside's grain-growing fields are expected to decrease to 106 million hectares this year from about 146 million hectares in 1992 as more and more farmers are planting different crops to avoid a drop in their standard of living.

The current prices reform reflects the Chinese Government's efforts to stop farmers from losing interest in basic crop production, the officials added.

The State Statistics Bureau said grain prices experienced an average rise of 26.6 percent in April over the same month a year ago.

A recent survey conducted by a group of grain trading officials showed an upward momentum for the prices of wheat, rice, maize, soybean, sesame and peanut and rapeseed this year.

In regard to wheat, a decrease in the wheat-planting area has triggered an ascent in prices.

The total area for summer crops this year was 107 million hectares, down 1.3 million hectares from last year. Wheat makes up the majority of the summer crops in China.

In terms of rice, transactions will remain brisk despite price hikes sparked by a stronger demand in urban areas and an expected decrease in paddy-growing area during the first half of this year.

The stronger demand is mainly attributed to the lack of enthusiasm on the part of farmers for agricultural production as a result of the government's IOU practice and an increasing number of rural surplus labourers seeking job opportunities in urban areas.

A kilogram of high-class rice now fetches at least 2.4 yuan (\$0.41), the highest price in recent years.

But rice demand is still expected to be greater than the country's current annual production of some 190 million tons.

The maize prices are looking stronger than last year, with an increase of 0.10 yuan (\$0.017) a kilogram. And this trend may remain unchanged during the year's busy and slack seasons.

Because of a decrease in American maize exports, Japan and other Southeastern Asian countries have increased their imports from China, thus aggravating the gap between demand and supply.

China's exports of maize to foreign countries are expected to reach 3.2 million tons.

Soybean has become the most popular crop in the country's agricultural wholesale markets, with its prices fluctuating widely during recent months.

Official predictions show a kilogram of soybean now fetches 3 yuan (\$0.52), up 25 percent from the beginning of this year.

The swelling demand for maize on the domestic market, plus a staggering improvement in agricultural production, may make China's imports of such crops reach about 100,000 tons.

China's exports of sesame and peanut are continuously increasing because of worldwide price hikes in recent years.

Because of frost and drought, China's rapeseed is expected to see a yield of 25.6 million tons this year, a decrease of 10 percent from last year.

Meanwhile, there will also be a 600,000-hectare decrease of rapeseed-growing area in the country in 1993.

Such an unprecedented drop in production is expected to provoke a price spiral for rapeseed in the country's agricultural wholesale markets.

#### Northern Drought, Southern Floods Hit Farmers

HK0706020093 Beijing CHINA DAILY in English 7 Jun 93 p 1

[Article by staff reporter Liang Chao: "Farmers Grappling With Flood, Drought"]

[Text] While harvesting is under way across a large part of the country, millions of farmers across North and Northeast China are combating a protracted drought in an all-out effort to ensure that this year's summer crops will not be affected.

The drought, which has persisted in 17 provinces north of the Huaihe River since last winter, coincides with extensive downpours south of the river that have caused heavy flooding and inflicted severe casualties and property damage in some areas.

Over the past two months, 137 people have reportedly been killed in regional floods in Hubei, Guangdong and Jiangxi provinces.

The deluge has flooded more than 319,000 hectares of land and washed away at least one-third of expected crop yields, according to the Ministry of Water Resources.

In the north, however, nearly 10 million people and 7 million head of livestock are suffering from a serious shortage of water, according to a report released on Saturday by the State Council's Drought and Flood Control Office.

Most seriously affected is the Baijiexiang Township in Shanxi Province, where the supply of drinking water has been depleted for more than three months, forcing some 15,000 residents to buy from 40 kilometres away at a cost of 60 yuan (\$10.52) per ton.

It is estimated that if not controlled in time, the exceptionally long drought will seriously affect grain production on more than 12 million hectares of farmland across 17 provinces in North and Northeast China.



The five provinces of Hebei, Shanxi, Gansu, Heilongjiang and Liaoning and the Inner Mongolia Autonomous Region are the hardest-hit, according to Niu Maosheng, Minister of Water Resources.

The drought has already affected the sowing of cotton in some areas, officials revealed.

Meteorologists predict that rainfall this summer in some parts of northeast China and the lower reaches of the Huaihe River, which is on the geographic line dividing China in half, will be about 10 to 30 percent less than previous years.

The Drought and Flood Control Office has called on local authorities to make renewed efforts to fight the worsening drought.

Although provincial governments are doing what they can to help farmers overcome the difficulties, officials said, their efforts are hampered by a shortage of electricity and diesel oil, which are also needed for harvesting and farming.

Also, it was learned that the central government is seeking a new way of using its annual drought-relief budget. Officials are considering converting the usual one-time-only financial

allocation of specified funds into a centralized investment pool for improving farm irrigation.

In addition, the government is financing a special new network providing paid services for farmers' irrigation work.

#### **Agricultural Products Futures Market Opens**

*HK0506064893 Beijing ZHONGGUO XINWEN SHE  
in English 1500 GMT 4 Jun 93*

[Text] Beijing, June 4 (CNS)—China's first agricultural products futures market was opened in Zhengzhou on May 28.

The commodity exchange is based on the standardization of operation of the grain wholesale market in the city. The exchange specializes in grains and oils, and it will include other commodities in the future. On its opening day, some 54 member companies took part in transactions. Items transacted included wheat, corn, soya beans, mung beans, and sesame. The transaction volume was 18,000 tonnes.

The market opens every Monday and Friday morning and settles transactions in the afternoons of the same days.

## East Region

### Secretary Lu Rongjing Inspects Anhui Crops

OW0506063493 Hefei Anhui People's Radio Network  
in Mandarin 1100 GMT 2 Jun 93

[From the "Provincial Hookup" program]

[Excerpt] On 31 May, Lu Rongjing, secretary of the provincial party committee, led (?an inspection team) of senior officials of the provincial agricultural department to visit [place name indistinct] to inspect the production, harvesting, and procurement of summer-harvested grain and oil-bearing crops. Lu Rongjing and other officials heard briefings on preparations for procurement of summer-harvested grain and oil-bearing crops in Bengbu and Huaiyuan County, and went deep into (Changcheng), (Zhuhuan), and other villages and towns to obtain first-hand information from rural cadres and peasants engaged in wheat procurement about the production and procurement of summer-harvested crops.

Lu Rongjing pointed out: The harvest and procurement of summer-harvested crops has entered a crucial period. Currently the top priority task in the work of rural areas is to mobilize all available resources to harvest the crops quickly and to raise funds from various quarters to ensure payment for procurement crops. Under no circumstance should IOU slips be issued. This year's wheat production situation is generally good, and it will be a year of good harvests. We should draw lessons from the past and make a concentrated effort to rush in the harvest within three to five days [words indistinct]. [passage omitted]

### Number of Fujian Telephone Subscribers Increases

HK0506033093 Beijing ZHONGGUO XINWEN SHE  
in English 1100 GMT 4 Jun 93

[Text] Fuzhou, June 4 (CNS)—Statistics released by the Fujian Provincial Department of Posts and Telecommunications show that from January to May this year, the number of telephone subscribers in the province's rural and urban areas increased by nearly 140,000, more than for the whole of last year. Ninety percent of the new subscribers were ordinary householders.

Fujian intends adding a further 500,000 programme-controlled telephones this year and to increase the number of subscribers by 300,000. Telephones in all towns above county level and half of all rural townships in the province will be programme-controlled.

With Fujian speeding up its pace of opening to the outside world and developing its inland areas, access to telephones is increasingly needed. In the past five months, the number of telephone subscribers in coastal cities such as Fuzhou, Xiamen, and Quanzhou has increased by nearly 20,000 in each while the number of

telephone subscribers in a number of mountain towns has increased by over 1,000 in each.

### Xiamen Introduces Plan To Become Free Port

HK0606073093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 6 Jun 93 p 5

[Report by Wang Gangyi: "Xiamen City Should Be Free Port, Economists Say"]

[Text] In a move to regain development momentum and further promote exchanges between the two sides of the Taiwan Straits, the city of Xiamen has come up with an ambitious proposal to turn itself into a free port.

According to Xiamen Mayor Hong Yongshi, the envisaged Xiamen Free Port will include Xiamen Island and Gulangyu Island and will cover a total area of 131 square kilometres. Its finance, trade and personnel management will very much resemble those in Hong Kong and Singapore.

Branches of foreign banks in Xiamen will be allowed to engage in renminbi transaction; capital will flow freely in and out of the city; and major convertible currencies will be exchanged with each other at international rates. Regulations will also be adopted to facilitate the entry and exit of personnel and the flow of goods.

As one of China's first four special economic zones, Xiamen in Fujian Province, together with Shenzhen, Zhuhai and Shantou in Guangdong Province, has contributed greatly to the country's economic miracles of the past 14 years.

However, the city is meeting more competition from other regions in attracting foreign capital and technology, as a new wave of reform and open policy sweeps from coastal areas to hinterland regions and an increasing number of cities begin to enjoy preferential policies applied exclusively to SEZs in the past.

The free port proposal, said Hong, is aimed at enhancing the city's advantages and recapturing the economic initiative. It is also targeted at accelerating its economic co-operation and personnel exchange with Taiwan.

Geographically, Xiamen and Taiwan are separated from each other only by the Taiwan Straits. Dajinmen and Xiaojinmen islands, which are under the Taiwanese authorities' control, are 4 kilometres off its southeast coast.

People of Fujian origin account for 80 percent of Taiwan's population, many of whom are descendants of people from Xiamen. Residents in both places speak the same local dialect and cherish the same customs.

Though it has yet to be approved by the central government, the free port proposal has obviously won widespread support from academic circles.

At a symposium jointly sponsored by the Xiamen municipal government and the Institute of Global Concern last Tuesday [1 June] and Wednesday in Beijing, a group of more than 50 noted economists gave consent to the proposal.

"Various special economic zones established in China in the past 14 years have achieved great successes, but the country has no free port yet. It is appropriate for Xiamen to take a lead in this aspect," said Lu Dong, president of the China Association of Entrepreneurs.

Yang Peixin, a research fellow of the Research Centre for Development under the State Council, stressed that it is high time for the free port proposal to be developed. "More liberal policies should be adopted to encourage foreign banks to set up branches in Xiamen so that the city may make better use of surplus international capital," he noted.

Zhou Shulian, director of the institute of Industrial Economics under the Chinese Academy of Social Sciences, pointed out that the Xiamen Free Port will promote the reform and open policy not only in Fujian Province, but throughout the country as well. He hoped that the city of Xiamen would be a pioneer in granting property rights to enterprises, which he believes is critical in rejuvenating money-losing State enterprises.

Dong Furen, vice-chairman of the Financial and Economic Committee of the National People's Congress, said Xiamen will end up in a very disadvantageous position if it is not to be turned into a free port.

"The establishment of a free port usually is an evolving process. In the case of Xiamen, it will be a process of constantly breaking through existing constraints created by a central-planning system, which is still affecting many aspects of China's economic life," he said.

#### **Jiangsu Hosts Shandong Secretary, Governor**

OW0606012293 Nanjing XINHUA RIBAO in Chinese  
15 May 93 p 1

["Comrades Jiang Chunyun and Zhao Zhihao Arrived in Nanjing Yesterday on a Study Tour of Jiangsu"—XINHUA RIBAO headline]

[Text] Jiang Chunyun, member of the CPC Central Committee Political Bureau and secretary of the Shandong Provincial CPC Committee; Zhao Zhihao, governor; and five other people arrived in Nanjing on 14 May on a study tour of Jiangsu. Shen Daren, Sun Jiazheng, Cao Hongming, Cao Keming, Gu Hao, and Ji Yunshi, leading comrades of Jiangsu Province and Nanjing City; as well as responsible comrades of departments concerned called on Jiang Chunyun, Zhao Zhihao, and other comrades at the Dongjiao Hotel on the same afternoon. On behalf of the Jiangsu provincial party committee and government, Shen Daren warmly welcomed the arrival of Comrades Jiang Chunyun and Zhao Zhihao to study and guide work in Jiangsu.

Comrades Shen Daren and Gu Hao separately briefed the leading comrades from Shandong on progress made by Jiangsu Province and Nanjing city in reform, opening up, and economic development and on the major difficulties and prominent problems facing the province and city. They also spoke of their thoughts and plans in conducting work in the future. Recalling his visit to Shandong as head of a Jiangsu study delegation, Shen Daren said: Shandong has accumulated many valuable experiences in accelerating reform, opening up, and economic construction, and it has had a great impact on Jiangsu, helping promote and advance its work. We will continue to learn from comrades from Shandong and strengthen the exchange and cooperation between the two provinces.

Comrades Jiang Chunyun and Zhao Zhihao spoke with great warmth. Jiang Chunyun said: This is my fourth visit to Jiangsu. In every visit, I saw many new developments and changes. Particularly the rapid development and great changes made by Jiangsu last year have given us a deep impression and great inspiration. Jiangsu and Shandong are neighbors. Our two provinces should have more exchanges, learn more from each other's strong points to offset our shortcomings, and develop together. Comrades Jiang Chunyun and Zhao Zhihao also gave a briefing on Shandong's situation and experience.

Comrades Jiang Chunyun and Zhao Zhihao arrived in Jiangsu on 12 May. Accompanied by the deputy secretary of the Jiangsu provincial party committee, they inspected Suzhou and Changzhou cities; and toured village and town enterprises in Wuxian County's Jiaozhi and Muxu Townships, Suzhou's New City District and Zhenya Silk Textile Plant, and Changzhou's Asian Motion Picture City. They will inspect and tour Nanjing on 15 May.

#### **Shen Daren Discusses Jiangsu Economic Reform**

OW0506115293 Nanjing XINHUA RIBAO in Chinese  
23 May 93 pp 1, 2

[Report: "Analyze the Situation To Reach a Common Understanding; Seize the Opportune Time To Deepen Reform; Unswervingly Promote Better and Faster Economic Development"]

[Text] The provincial party committee held a forum 20-22 May for secretaries of municipal party committees and mayors to convey and study the guidelines of the forum on the economic work of the six provinces and one municipality in eastern China. The meeting analyzed the current economic situation and explored steps and measures to overcome difficulties and solve problems, focusing on the subject of seizing and cherishing opportunities to deepen reform so as to promote better and faster national economic development. Shen Daren, Chen Huanyou, Sun Jiazheng, Cao Hongming, and Cao Keming presided over the meeting.

Those comrades who participated in the meeting spoke freely, sharing their views and studies together, in line



with the spirit of emancipating the mind and seeking truth from the facts. They unanimously agreed: Comrade Jiang Zemin's important instructions made at the forum on economic work of six provinces and one municipality in eastern China, and the latest series of important talks by central leading comrades on economic work were full of the spirit of emancipating the mind and seeking truth from the facts and were totally consistent with Comrade Deng Xiaoping's important talks and guidelines from the 14th CPC National Congress. These talks and guidelines all aim at seizing and cherishing opportunities to deepen reform and speed up development, so as to promote better and faster national economic development. In their talks, central leading cadres made penetrating and rather pertinent analyses of the current economic situation, particularly the existing major problems and contradictions; and these talks played an important role in guiding our leaders at all levels in remaining sober-minded and doing a good job in current economic work under the excellent situation. We should understand the essence of the guidelines in an all-around and accurate manner and truly carry them out. Proceeding from the local reality, leading comrades from all cities comprehensively analyzed the current economic situation. They have unanimously agreed that under the guidance of Comrade Deng Xiaoping's important talks made during his inspection tour of the south and the spirit of the 14th CPC National Congress, reform, opening up and economic construction throughout the province have entered a new development phase. Currently, the overall economic situation is good; however, we must earnestly approach and solve some rather prominent contradictions and problems that have occurred in the course of high economic growth as a result of an effective system of macroeconomic regulation and control not being established yet.

At the end of the meeting, Shen Daren, secretary of the provincial party committee, delivered a speech, on behalf of the standing committee of the provincial people's congress. He pointed out: Currently, we should earnestly study the latest series of speeches by central leading comrades and seek further unity of thinking, while deepening our study of Comrade Deng Xiaoping's important talks and guidelines from the 14th CPC National Congress. There are three key points: First, we should reach a common understanding of the current economic situation. We should not only notice the bright side of the overall economic situation, but also face up to problems and difficulties. Second, we should reach a common understanding about development. We should increase our awareness of seizing and cherishing the opportunities and unswervingly promote better and faster economic development. Third, we should reach a common understanding on reform. We should understand that the prominent contradictions and problems occurring in current economic development are those arising from the course of transforming the economic structure. In solving these problems, we cannot go back to the old rut of a planned economy. What is important is that we accelerate the pace of reform and opening up,

strengthen and improve macroeconomic regulation and control mainly through economic and legal means with necessary administrative measures as supplements, and advance firmly towards the goal of establishing a socialist market economy. We should ponder some issues in the light of local reality while correctly and comprehensively understanding the central authorities' guidelines. We should gain some basic knowledge about socialist market economics, earnestly study and understand the laws of economic development, and improve leadership over economic work. He stressed: We should do a good job in protecting, developing, and guiding the enthusiasm of grass-roots cadres and the masses at large.

Shen Daren pointed out: We should study and make an in-depth analysis of prominent contradictions and problems arising from economic operations, and truly succeed in the current work. We should continue to earnestly implement a series of policies and measures on ensuring stable agricultural development formulated by the central authorities, seeing to it that they are implemented to the letter. The top priority task is to ensure that no IOU slips are issued in the purchase of summer-harvested farm and sideline products. We should work hard to improve the quality of economic growth; raise industrial efficiency; accelerate the development of the export-oriented economy; and strive to explore the international market, thereby expanding foreign exchange earnings through export. We should make every effort to develop tertiary industries. We should actively encourage savings deposits; increase capital sources; explore new and legitimate financing channels; maintain a flexible flow of capital; raise the efficiency and benefits of using funds; work hard to ease capital shortages; and accumulate funds and material resources to ensure the construction of key projects. We should deepen the reform and vigorously implement the "Enterprise Law" and the "Regulation" so as to help transform the way enterprises operate. We should accelerate the organizational restructuring of enterprises, and strive to take a bigger stride in reforming the property rights system of enterprises. We should actively and yet prudently experiment with the stock system, and actively implement the stock cooperative system in village and township enterprises and urban collective enterprises. We should adhere to the principle of "grasping two links at the same time," strengthen the construction of the spiritual civilization, and improve overall public security. We should truly step up the construction of the party work style and a clean government, and further consolidate and develop a political situation of stability and unity, thereby creating a fine political and social environment for reform, opening up, and economic construction.

In conclusion, Shen Daren spoke on the provincial party committee's short-term work arrangements and urged localities to actively conduct investigations, study, and use their brains to explore ideas based on the provincial party committee's work arrangements. He stressed: The more problems with economic operations we have, the more sober-minded leading cadres should remain. They

should promote a solid work style and overcome formalism, so as to ensure sufficient time and energy for carrying out their work. Before their organizational restructuring, organs at all levels should reassure the people, thoroughly improve work styles, and raise work efficiency. He hoped that the people of the province would continue to pluck up their spirits, unite, struggle assiduously, and do solid work, so as to ensure the fulfillment of various work targets of the year.

Chen Huanyou, governor and deputy secretary of the provincial party committee, also made a speech at the meeting. He said: We should earnestly study, understand, and thoroughly implement the series of guidelines by the central authorities on economic work. We should not just seize opportunities, but we should also cherish opportunities; not only fully recognize the excellent situation, but also soberly understand the existing problems; not only solve prominent current problems, but also protect the enthusiasm of cadres and the masses; not only develop the economy, but also pay ever greater attention to deepening reform; not only solve economic problems, but also pay close attention to noneconomic factors. We should be enthusiastic but remain sober-minded; work effectively; approach the state's macroeconomic regulation correctly and actively; and, on the premise of subordinating to macroeconomic regulation, try every means to overcome difficulties and promote faster and better economic development. He gave his views in six aspects on some current problems that need further attention and solution.

The meeting was attended by the vice governors, the responsible comrades of the standing committee of the provincial party committee, the provincial people's congress, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial commission for discipline inspection; 11 city party committee secretaries and mayors; as well as principal leading cadres of the relevant provincial-level organs.

### **Jiangsu Reports Progress in Family Planning**

OW0706103193 Beijing XINHUA in English 1019  
GMT 7 Jun 93

[Text] Nanjing, June 7 (XINHUA)—By spreading knowledge on woman's health care and techniques for birth control, China's most densely populated province has made remarkable progress in controlling its population growth.

Jiangsu, a coastal province in East China, has a per-sq-km population of 647, representing 18.22 times the world average and 5.52 times the figure of the whole country.

Statistics show that in 1992, the birth rate of the province was 15.71 per thousand, lower than that in 1990.

The province's natural population increase rate, standing at 8.95 per thousand, was about 30 percent lower compared with the figure of 1990.

According to a survey conducted by the State Family Planning Commission in 1992, Jiangsu has a large proportion of one-child family, and a high rate of young couples who have taken different kinds of contraceptive methods.

Experts attribute the success to local government's effort to improve the service system.

In the past two years, the provincial and grassroots family planning committees have worked hard to popularize knowledge on health care of woman, and new contraception methods and techniques.

Such knowledge and techniques have been spread to 95 percent of local households, officials said.

### **Shandong's Jiang Chunyun Tours Heze Prefecture**

SK0506015193 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 2 Jun 93

[Text] From 31 May to 2 June, provincial party Secretary Jiang Chunyun led responsible comrades of provincial-level departments concerned, including the provincial party committee's General Office and Research Office, and the provincial Discipline Inspection Commission, Economic Commission, Financial Department, and Agricultural Committee, to investigate and study Heze Prefecture.

On the afternoon of 1 June, Secretary Jiang listened to a work briefing given by Comrade Lin Tingsheng on behalf of the Discipline Inspection Commission and the Administrative Office. Secretary Jiang was pleased and satisfied with the work. He said: Over the past few years, Heze Prefecture has witnessed new development in building the material and spiritual civilizations and made noticeable achievements. The higher and the lower levels across the prefecture have paid attention to vigorously carrying out their undertakings, advanced in unity, and have a very good mental state. Heze Prefecture is full of hope and has bright prospects.

Secretary Jiang gave an important speech on how to enable economically underdeveloped areas seize the opportunity to achieve rapid and better development. He stressed: In their work guidance, underdeveloped areas should suit their measures to local conditions, give prominence to the priorities, promote the strong points and avoid shortcomings, bring the advantages into full play, and strive to successfully and vigorously carry out six tasks:

First, we should successfully and vigorously develop the market-oriented agriculture, change the traditional agriculture into commodity and market-oriented agriculture, and unswervingly follow the path of developing a type of farming that provides high yields of fine quality with maximum efficiency but low consumption. He said: We should pay attention to the variety, quality, and efficiency in the development of agriculture as we did in the development of industry. Without quality there can

be no market, and increasing efficiency would be out of the question. The quality of agricultural products is the lifeblood of the market-oriented agriculture and the nucleus of highly efficient agriculture. Like we did in industrial enterprises, we should unceasingly conduct equipment replacement and technical updating in this traditional agriculture and enable it to enter a new grade in an effort to strengthen its competitive ability on the domestic and international markets.

Secretary Jiang particularly pointed out: In developing farming, we must pay great attention to protecting and mobilizing the enthusiasm of the broad masses of peasants. In this connection, this year we must exert strenuous efforts to grasp three major tasks well: 1) we should resolutely reduce the heavy burden of peasants; 2) we should try by all possible means to increase the income of peasants, and 3) we should realistically change the work style of cadres and maintain close ties with the masses.

Second, we should successfully and vigorously develop township enterprises. Secretary Jiang said: Practice shows that the development of township enterprises is the only effective way one must follow or take in enabling peasants to become well-off and realize modernized farming. Underdeveloped areas have failed to fully develop township enterprises. Therefore, we must regard the development of township enterprises as a strategic task of enabling peasants to shake off poverty and become rich or well-off, realistically hold this work high on the agenda of the leaders at all levels, and grasp it with great energy. It is necessary to proceed from the reality of various localities, do a good job in working out development plans, and engage in development in a well-guided manner and with priorities. We should properly aim at the domestic and international markets, select the right items, and strive to set a high starting point and to catch up from behind.

Third, we should successfully and vigorously expand the circulation channels. Secretary Jiang said: The development of agriculture and industry urgently needs a vast market, highly efficient transportation facilities and marketing, and good service. When one aspect is smooth, the entire development will be vigorous. The four aspects of production, exchange, distribution, and consumption are an integrated aspect; none of them is dispensable. Once the circulation channel is well grasped, it will be reflected in production. We should always firmly grasp this aspect, work out a unified plan, have a rational layout, and build comprehensive markets, including the agricultural product, animal by-product, forestry product, and industrial markets, patent markets, wholesale markets, and future markets.

Fourth, we should successfully and vigorously develop the export-oriented economy. Secretary Jiang said: On the issue of opening up, underdeveloped areas should further break with the inland idea, adopt the technologies of other localities to develop themselves, use the export-oriented economy to stimulate the local

economy, and use the local economy to promote the export-oriented economy. In line with the needs and possibilities, we should boldly introduce domestic and foreign funds, technology, and managerial experiences to develop and expand ourselves, and actively develop foreign exchange-earning farming and industry as well as the tertiary industry.

Fifth, we should successfully and vigorously conduct technological progress. Secretary Jiang said: Underdeveloped areas lacked the development of technology, intellectual resources, and trained personnel. These areas should regard the development of intellectual resources and the advancement of technological progress as a crucial measure.

Sixth, we should successfully and vigorously deepen reform. Secretary Jiang noted: The fundamental way to realize economic leap in underdeveloped areas is to rely on deepening reform and to accelerate the establishment of the socialist market economic system. Secretary Jiang particularly stressed: To realize a quicker and better economic development, underdeveloped areas must implement four guaranteed measures, namely, ideological guarantees, organizational guarantees, work style guarantees, and social environment guarantees.

#### **Shandong Implements Enterprise Regulations**

SK0506043793 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 31 May 93

[Text] Our province has made substantive progress in implementing the regulations and rules on delegating rights to enterprises, which has effectively promoted the production on the industrial and communications front and the economic construction. In implementing the regulations and rules, our province has emphatically grasped the enforcement of auxiliary policies. The provincial people's government has formulated in a timely manner the measures of implementing the regulations and rules. Having forwarded the specific measures of enforcing the auxiliary policies were 18 departments, including the provincial planning commission, the provincial economic commission, the provincial personnel affairs bureau, the provincial labor affairs bureau, and the provincial financial department. Various cities and prefectures have also worked out the specific opinions of implementing the regulations and rules and of adopting methods for the implementation. Discipline inspection commissions, procuratorial organs, and trade unions at all levels have done a great deal of work in enabling the regulations and rules to be enforced smoothly. The provincial planning commission has clearly defined the 14 dividing lines of policies for reform, opening up, and economic development.

In implementing the regulations and rules, government departments at all levels throughout the province have paid attention to simplifying the administrative structure and delegating rights to grass-roots levels. The provincial level departments have, to date, delegated their rights to grass-roots levels in more than 150 items.



They have also checked the policies, regulations, and rules formulated in the past. According to initial statistics, more than 55,600 relevant documents issued by the governments at province and city-prefecture levels to their subordinate units have been checked. Of these documents, 583 have been abolished and 385 have been revised. The province has made an important step in conducting reform in the systems of commodity circulation. The provincial level departments responsible for commerce, grains, supply and marketing, and petroleum have been turned into provincial level organic and economic entities. The rate of commercial enterprises that have enjoyed the right of self-determination has reached 100 percent. The pace of conducting reform among organs at county and township levels has been obviously accelerated by popularizing the experience gained by the villages and towns of Zhucheng, Laiwu, Changyi, Xinyang, and Jiaozhou, as well as by Ninghai of Muping County in conducting reform in this regard and in their leadership systems. By implementing the regulations and rules, our province has further enhanced the strength in conducting reform among the enterprises that have taken up the pilot work of reforms. The provincial authorities, cities, and counties have emphatically encouraged 1,300 enterprises to take up the pilot work of reforms. The province has selected 30 large enterprises to be the liaison centers of implementing the regulations and rules. The progress of pilot work in this regard has enabled the pace of reforming the three systems, of improving the shareholding systems, and of developing enterprise groups to be quickened. The number of enterprises at or above the county level, which have taken up the pilot work of various shareholding systems, has reached 500, and 166 enterprise groups have been organized throughout the province.

The implementation of regulations and rules has gradually expanded the operation rights in 14 aspects and the number of enterprises that can enjoy the delegated rights. The main body position of enterprises and their sense of self determination have been obviously enhanced. Except for the right of import and export and the right of refusing to accept the apportioning of expenses, which have not been delegated satisfactorily at present, the rights in eight aspects with regard to the policy decision of production and management have been better delegated and the rights in four aspects of making investments and carrying out policy decisions have been partially delegated.

Our province still has some problems in implementing the regulations and rules. More prominent ones include: emancipation of minds is insufficient, the step of transforming concepts is slow, the act of changing the government function is backward, the rights that deserve to be delegated have not been actually delegated, the construction of market and social security systems has not totally been suitable to having enterprises shift their mechanism and enter markets, the quality of enterprises is low, and enterprises lack the capability to suit the current development.

### Leaders Attend Shanghai Trade Union Congress

OW0706003793 Shanghai People's Radio Network in Mandarin 1000 GMT 5 Jun 93

[From the "News and Weather" program]

[Text] The Ninth Congress of the Shanghai Municipal Trade Union Council [SMTUC] opened ceremoniously at the municipal party committee party school on 5 June. Municipal leaders including Wu Bangguo, Huang Ju, Chen Zhili, Wang Liping, and Chen Liangyu attended the opening ceremony.

Chen Liangyu delivered a congratulatory speech on behalf of the municipal party committee and government. He said: Shanghai has undergone tremendous and profound changes since the Eighth SMTUC Congress. The progress that has been made is the crystallization of the wisdom, talents, and sweat of workers across the city.

Chen Liangyu said: Deng Xiaoping said in his spring festival greetings to people in Shanghai this year that the working class in Shanghai has for years been the pacesetters of China's working class. Comrade Xiaoping spoke highly of and encouraged Shanghai's working class. Shanghai's working class must boldly shoulder the glorious mission entrusted it by history in the spirit of daring to march in the vanguard and daring to regard the nation's well-being as its own duty.

On behalf of the municipal party committee, Chen Liangyu made three points that are requirements for the city's working class and trade union personnel:

1. Study and understand Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and place high on the agenda the improvement of the quality of workers and staffs.
2. Bring into full play the role of the working class as the main force in doing the party's central tasks.
3. Inherit and carry forward the glorious traditions and make contributions to reform, opening up, and social stability.

SMTUC President (Teng Yilong) delivered a work report on behalf of the Eighth SMTUC Committee.

### Wu Bangguo Visits Exhibit of Shanghai Projects

OW0706052293 Shanghai People's Radio Network in Mandarin 1000 GMT 25 May 93

[From the "News and Weather" program]

[Text] This morning, Wu Bangguo, secretary of the Shanghai Municipal Party Committee, visited an exhibition of Shanghai's achievements in major projects at the second exhibition room of the Shanghai Exhibition Hall. Wu Bangguo took a close look at a model of the municipal road system, inquiring in detail about the investment and progress in building an inner ring road, an outer ring road, and an elevated road. After observing

a model of the Shanghai Museum, which is scheduled to be built on People's Square, Wu Bangguo said: Buildings such as museums are meant to be tested by history, and we must build them well. After hearing a briefing by (Wu Xiangning), deputy secretary general of the municipal people's government, in front of a full-view picture of the Yu Garden, Wu Bangguo said: This is a very important scenic site in Shanghai, and we must protect it very well. After concluding his visit, Wu Bangguo spoke to reporters. He said: This exhibition reflects the power of people in Shanghai. Since 1989, we have pumped more than 30 billion yuan into these projects. We have made tremendous achievements in a very short period of time. The people of Shanghai will not forget the contributions made by the builders of these major projects. Moreover, we should conduct annual contests and campaigns to compare and assess key construction projects. This will help integrate the construction of key projects with the improvement of worker quality. We should stress credibility, quality, and devotion in order to cultivate an excellent work force.

In the end, Wu Bangguo wrote in the visitors' book: "Solid work helps make a country prosperous."

#### **Shanghai Sets Up Small Enterprise Organization**

OW0506212593 Beijing XINHUA in English 1519  
GMT 5 Jun 93

[Text] Shanghai, June 5 (XINHUA)—An organization aimed at linking small Chinese enterprises with the outside world was set up here today.

The Shanghai Association of Medium-Sized and Small Enterprises for the Promotion of International Cooperation will help its members find foreign funds, market and cooperative partners.

Jiang Yiren, vice-mayor of Shanghai, was elected honorary president of the association while Xu Keyi, director of the Shanghai Municipal Economic Commission, was elected president.

Most of the 34,000 industrial enterprises in Shanghai, China's largest economic center, are medium-sized and small enterprises.

### **Central-South Region**

#### **Guangdong Town Criticized for Detaining Newsmen**

HK0706101393 Guangzhou Guangdong People's Radio  
Network in Mandarin 1000 GMT 6 June 93

[Text] Zhang Tong, president of the Guangdong Provincial Journalists' Association, made a statement to reporters from [words indistinct] and the Guangdong Provincial Television Station [GPTS] this morning on Jianggao Town's recent detention of reporters.

Zhang Tong said: On 3 June, some leading members of Jianggao, which is under Baiyun District of Guangzhou

city, abused, besieged, and detained GPTS reporters; forcibly took away their equipment; and put pressure on the television station to stop broadcasting its normal news coverage. This incident is a serious breach of the law and is seldom seen in our country.

The Guangdong Provincial Journalists' Association has expressed great indignation at, and raised strong protest against, the outrages committed by some Jianggao leading members and has extended its great respect and sympathy to the GPTS reporters who were faithful in discharging their duties.

Zhang Tong said: It was to fulfill the lofty duties of journalists and conduct media supervision on current affairs in accordance with the laws and regulations that those reporters tried to cover Jianggao's illegal establishment of a commercial street which affected the construction of state key projects. The rude interference by some Jianggao leading members in the normal news coverage of reporters clearly showed that they lack in their minds both an overall point of view and knowledge about our legal system.

Zhang Tong did not think Jianggao's detention of reporters was an accidental incident. Over the past few years, Guangdong has been faced with increasingly strong opposition to conducting media supervision and journalists have found it more difficult to make reports of a critical nature. This is an extremely abnormal phenomenon.

On behalf of the provincial journalists' association, Zhang Tong strongly demanded that the relevant leaders of Guangzhou city deal sternly with the Jianggao leading members for acting wildly in defiance of the law and to make public their decision regarding the punishment of these leaders. Relevant departments at the provincial and city levels should draw lessons from this incident, take effective steps to safeguard the legitimate interests and rights of journalists, ensure that press units and journalists can carry out their normal work [words indistinct], and prevent the recurrence of incidents of this kind.

#### **Guangdong Experiments in Professional Ethics**

HK0706090193 Guangzhou Guangdong People's Radio  
Network in Mandarin 1000 GMT 6 Jun 93

[Text] From today on, Guangdong will spend six months conducting experiments on building professional ethics in Guangzhou, Shenzhen, Zhuhai, the provincial Public Health Department, the provincial Industrial and Commercial Bureau, and the provincial Taxation Bureau. The experiments are expected to attain a number of major objectives including carrying out ideological education on professional ethics and a clean and diligent administration; heightening a sense of professional responsibility and discipline; cultivating professional ethics and the spirit of respecting one's profession featured by a clean and diligent administration and services of fine quality; set up and improve relevant [passage

indistinct] on building professional ethics; establish and perfect a supervisory and binding system which can effectively prevent practices which run counter to professional ethics as well as unhealthy trends in trades; and study efficient ways to carry out professional ethics building in all trades and departments.

#### **Hainan Secretary on Development Opportunities**

*HK0406145093 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 2 Jun 93*

[Excerpts] During his inspection of Lingao County on 1 June, Ruan Chongwu, CPC secretary and governor, pointed out: We must firmly seize the current opportunity of the special economic zone's [SEZ] flourishing development and construction, fully utilize local superiority, and work in a down-to-earth manner to promote economic growth. [passage omitted]

Ruan Chongwu pointed out: As far as the construction of the special economic zone is concerned, we must seize the opportunity, give play to our superiority in resources and must work in a down-to-earth manner to promote economic growth. Various cities and counties must formulate objectives for economic development in accordance with the actual situation. We must try every means to enhance our strength to seize the opportunity.

Ruan Chongwu stressed: The SEZ must have a path of agricultural development, overcome thoughts despising and abandoning agriculture, take vigorous measures to lighten peasants' burdens, and guide peasants to earn more income. [passage omitted]

#### **Southwest Region**

##### **Tibet's 'Fine Ecology' 'in Good Condition'**

*OW0706093893 Beijing XINHUA in English  
0737 GMT 7 Jun 93*

[Text] Lhasa, June 7 (XINHUA)—The fine ecology in Tibet is in good condition, and the unique natural environment has been maintained on the roof of the world, according to a recent report available from the Tibetan Autonomous Regional Urban and rural environment protection department.

A press conference was held for the publishing of the report on Tibet's environmental condition in 1992 on the eve of the World Environmental Day that falls June 5.

The report says Tibet's atmospheric condition and water bodies, even in Lhasa where industry is more developed than other areas, meet the national standards set by the state.

The forest resources, including some primeval forests, have been well preserved and there has been no change in its biological varieties, the report notes.

The climate is also normal in Tibet, and windy weathers and natural disasters are close to the normal years, except earthquakes.

An officials [as received] said that there is no such a question as radioactive pollution in Tibet and natural radiation level was within the normal range.

Refuting the rumors spread by Dalai and his followers that China has disposed nuclear wastes in Tibet, the official told the press conference it is a pure fabrication.

However, the report admits, there are some problems relating to the local environment, including an increase in industrial wastes, noise pollution, and the degeneration of some pastures.

Lhasa, reputed as the cleanest city in China, meets challenges from the environment, he noted. Its city area increased from three to 42 sq km in the past 30 years, and its population risen from 50,000 to 180,000 during the period.

The report reviews the efforts the autonomous region had made for large-scale environmental protection in 1992, which further helped control the environmental pollution. They included marked successes in the a major state project on the joint development of Lhasa, Nyangqu and Yarlung Zangbo Rivers, afforestation, construction of irrigation projects, and protection of wildlife and still greater effort for environmental protection legislation.

When speaking of its environmental protection plan for the the future, officials said that Tibet would step up legislation, implementation of laws and strive to carry out more scientific researches.

#### **North Region**

##### **Beijing City Reports Stable Revenue Growth**

*OW0706100493 Beijing XINHUA in English  
0918 GMT 7 Jun 93*

[Text] Beijing, June 7 (XINHUA)—Beijing City, the Chinese capital, has maintained stable growth in its revenue this year following successes in the past decade.

According to a report by the city's finance department to the city's people's congress, the Beijing Municipal Government collected a revenue of 8.025 billion yuan in 1992, up 4.2 percent over 1991. The city government's total expenditure was 7.174 billion yuan in 1992.

The city saw a favorable balance between income and expenditure of 901 million yuan last year.

Last year, the city increased spendings on science and technology by 90 million yuan, and spent 114 million yuan more on education than in 1991. In the year, the city spent a total of 1.442 billion yuan on education, accounting for 21 percent of the total government expenditure.

The report pointed out that the city registered a 9.7 percent increase in economic development in first quarter of this year. In the same period industrial output and retails volume also increased at a two-digit rate.



### **Eighth Hebei People's Congress Opens**

SK0506035493 Shijiazhuang HEBEI RIBAO  
in Chinese 11 May 93 pp 1, 2

[By reporters Han Shaojun (7281 4801 0689) and Lou Zhenxu (1236 3791 7312): "First Session of Eighth Provincial People's Congress Opens Ceremoniously"]

[Excerpts] The first session of the eighth provincial people's congress opened ceremoniously in Shijiazhuang city on the morning of 10 May. [passage omitted]

Executive chairmen of the session were seated in the front row of the rostrum. They were Cheng Weigao, Lu Chuanzan, Li Bingliang, Ye Liansong, Chen Yujie, Li Yongjin, Zhang Zhenhuan, Dong Naifang, Gao Yongtang, Ning Quanfu, and Liu Zongyao. Lu Chuanzan chaired the joint meeting that day.

Members of the presidium of the session were also seated on the rostrum.

The deputies, totaling 876, heard a provincial government work report given by Governor Cheng Weigao on behalf of the provincial government. The 20,000-character work report was composed of five parts: 1) Great achievements were made in the economy and various social undertakings in the past five years; 2) mobilize the whole province and work hard in unison to build Hebei into an economically strong province by the end of this century; 3) emancipate the mind, uplift spirit, and seize the opportunity to accelerate Hebei's reform, opening up, and modernization program; 4) greatly strengthen the spiritual civilization, democracy, and the legal system and strive to facilitate all-around social progress; and 5) actively promote the government organizational reform focusing on developing the socialist market economy and conscientiously step up efforts to improve the government. [passage omitted]

Other persons who were seated on the rostrum were Guo Zhi, Li Wenshan, Liu Shanxiang, Li Haifeng, Han Licheng, Chen Liyou, Zhao Jinduo, Li Zhanshu, Yue Zongtai, Liu Ying, Hong Yi, Du Benjie, Bai Shi, Song Shuhua, Zhang Runshen, Guo Hongqi, Gu Erxiong, Wang Youhui, Xu Chunxing, Wang Zuwu, Du Jingyi, Wang Enduo, Ma Xinyun, Wang Shusen, Huang Lan, Yu Zhenzhong, Zhao Huichen, Han Shiqian, Yan Muxian, Yu Juchu, Zhang Ben, Ma Fuxue, Zhao Fengming, and Liu Zongxin. Zhang Shuguang, Xie Feng, Yin Zhe, Yang Zejiang, and Pan Chengxiao were also invited to sit on the rostrum.

Members to the first session of the seventh provincial committee of the Chinese People's Political Consultative Conference, responsible persons of pertinent provincial departments, and members of the seventh provincial people's congress standing committee who were not deputies to the eighth provincial people's congress were present at the 10 May meeting.

### **Secretary Meets Handan Deputies**

SK0506123693 Shijiazhuang HEBEI RIBAO  
in Chinese 12 May 93 p 1

[By reporter Wang Jinying (3769 6651 5391): "Cheng Weigao Discusses Government Work Report With Deputies From Handan City"]

[Excerpts] At 1030 on 11 May, Cheng Weigao, secretary of the provincial party committee, governor of the provincial government, and deputy to the provincial people's congress, joined his Handan city delegation to hear the deputies' opinions on the provincial government work report and to jointly discuss the great matter of rejuvenating Handan city, an industrial base.

Amid the welcoming applause, Cheng Weigao shook hands with the deputies one after another. He stood in front of a young deputy and said with a smile: "It is different this time. There are many new deputies."

Cheng Weigao sat down. He listened to their opinions, took notes, and contributed frequently.

Deputy Ma Changhe said: The government work report states that the gross national product [GNP] of the cities around Bohai Bay should increase 11 percent annually, but Handan city's rejuvenation program sets forth an increase rate of 10.3 percent. The report states that the GNP should be doubled by 1995, but the city's program defines that the city's GNP should be doubled by 1997. The report states that the province should ensure a 700 percent increase in the GNP by 2000, but the city's program defines that the city should strive to register a 700 percent increase by 2000. All this indicates that we are failing to emancipate the mind and that we are not full of vigor. Through the study of the report, the deputies of Handan city have enhanced the sense of crisis and the awareness of competition. Ma Changhe said that last year, the city made the fastest development in town and township enterprises, and the total output value realized by the city's town and township enterprises increased by 72.1 percent over 1991. Cheng Weigao asked: "Is it true or not?" Ma Changhe answered that this figure is comparatively accurate. [passage omitted]

Cheng Weigao made a speech. He said: As an old industrial base, Handan city is able to bring its advantages into full play. With fairly complete branches of industry, a long history of industrial development, and many high-quality cadres in charge of industrial work, the city has to speed up its industrial development.

He said: To promote Handan's economy, we should further emancipate the mind. For instance, Handan is an old industrial base. If we speed up the pace of reform and technological transformation, we will be able to bring the functions of the old industrial base into full play. In the past few years, we failed to grasp the favorable opportunities to conduct technological transformation among the textile industry. Our textile industry is now under

strained circumstances. Our current tasks are: First, we should achieve the technological transformation among the old industries and free energy from the old industrial base. Only by so doing will Handan city be able to make rapid development. Second, through the efforts made by various fronts of the city, now, the city has gained a number of projects as listed by the state plan. If the city bases itself on this to increase the input to intensive processing and further develops intensive processing of energy and raw material industries, the city will be able to further make a leap. Third, the two counties under the jurisdiction of Handan have the conditions to rely on the city to speed up the development of town and township enterprises. Fourth, with Shanxi, Hebei, Shandong, and Henan Provinces around the city, Handan should be able to fully develop the tertiary industry to promote economic development. With these four conditions, the city will certainly be able to accelerate its development.

Cheng Weigao encouraged the deputies from Handan to further emancipate the mind and to foster the targets as follows: The development speed should be higher than and exceed the provincial average level first, exceed the national average level second, and the average level of the coastal areas third. Only by so doing will Handan be able to step on to the new stage of economic development. Therefore, you have to revise the city's "Eighth Five-Year" plan according to these targets.

#### Secretary Meets Shijiazhuang Deputies

SK0506041193 Shijiazhuang HEBEI RIBAO in Chinese 12 May 93 p 1

[By reporters Kang Enhua (1660 1869 5478) and Xu Tao (4958 3447): "Cheng Weigao Discusses 'Report' With Shijiazhuang Prefectural Delegation"]

[Text] "The key to building an economically strong province is to select and use good cadres, judge cadres according to their party spirit, and use cadres according to their achievements. Otherwise, our goal will not be realized." This is what Cheng Weigao, secretary of the provincial party committee and governor of the provincial government, said at a meeting to discuss the government work report with the Shijiazhuang prefectural delegation on the morning of 11 May.

Deputies vied with one another to make speeches amid a warm atmosphere.

After hearing the speech by Li Huaizhu, mayor of Xinle City, on the excessive burdens of the peasants, Cheng Weigao said with a solemn expression and profound feelings: "County party committee secretaries and county heads should support the people. If officials cannot back the people up, they will not be worthy of Communist Party officials! Now, the peasants in the province bear excessively heavy burdens. It is necessary to resolutely halt both obvious and hidden activities of wantonly apportioning expenses and collecting funds. Those who only pay lip service or do not actually go into action should be removed from their posts.

A deputy chipped in at this time: "Now, society adds, in disguised form, burdens to the students, and the burdens are even higher at each higher level."

Cheng Weigao said to a responsible comrade of Shijiazhuang Prefecture who was seated beside him: "You should conscientiously conduct investigations and give me an answer."

Deputies from Gaocheng and Jinzhou cities also made speeches in succession. Cheng Weigao continued after hearing their speeches: Over the past years, Shijiazhuang Prefecture has done a good job. The prefecture stands among the best in the province in terms of the total volumes and the per capita figures. However, when compared with the situation, the prefecture only makes moderate progress. So, we must not be satisfied with small progress or moderate progress. We should make big progress. To promote agriculture, we should try every possible means to lighten the peasants' burdens and mobilize their enthusiasm. According to the relevant regulations of the central authorities and the province, we should resolutely straighten out the activities of wantonly collecting funds and apportioning expenses. Counties should boldly prevent the higher levels from unreasonably apportioning expenses from the people and should back the people. Of course, the key still hinges on vigorously developing the economy. Only when the economy is well developed, the peasants' burdens will be lightened. The leaders at various levels should pay high attention to the construction of farmland water conservancy projects and the improvement of the rural production responsibility system.

Cheng Weigao said: In the final analysis, the key to alleviating the peasants' burdens hinges on selecting and using good cadres. The deputies applauded twice when I mentioned this in delivering the government work report yesterday. Why did they applaud? Because this reflects the aspirations of the people. We should hold ourselves responsible to the people but not to a certain person. The people in Hebei are good. They are diligent, clever, and anxious for wealth. All this will rely on our guidance. We should resolutely support the cadres who are conducting reform and doing solid work. We must boldly and enthusiastically support them even if they have this or that kind of shortcoming and make mistakes in the course of keeping forging ahead. We should clearly tell "minor mistakes" from "big contributions."

Cheng Weigao said excitedly when talking about this: "The people are fixing their eyes on cadres, particularly leading cadres. Thus, such leading cadres should be dismissed from their posts as those who only pay lip service but refuse to do solid work; those who run around on sinister errands, shift responsibility onto others, try to find backers, and ask for, buy, and exchange official posts; and those who create frictions, lodge false complaints, and raise "earthquakes." Such cadres should resolutely be removed as those who give no consideration to the overall situation, pay no attention to the

warmth of the people, indulge themselves in factionalism, appoint people by favoritism, establish personnel relations, and wage both open strife and veiled struggle.

After pausing for a moment, Cheng Weigao said, making a gesture: Here, I announce solemnly that my house and my office did not open and will never open to those who come and ask for official posts. Such a kind of person must not be received but must be criticized. Many people have visited my house, including responsible persons of prefectures, cities, counties, townships, and villages. But, they came and talked about work with me. A village committee chairman came to talk about work with me several times. I received him so long as I had time because he was doing his work.

Cheng Weigao concluded his speech amid a long duration of applause and the cheerful laughter.

#### Secretary Meets Qinhuangdao Deputies

SK0706144693 Shijiazhuang HEBEI RIBAO in  
Chinese 14 May 93 pp 1, 2

[By reporter Han Shaojun (7281 4801 0689) and Jin Youxin (7246 2589 2450): "Cheng Weigao Discusses Government Work Report With Qinhuangdao City Delegation"]

[Text] On the morning of 12 May, Cheng Weigao, secretary of the provincial party committee and governor, discussed the provincial government work report with the Qinhuangdao city delegation. During the discussions, Cheng Weigao solemnly and sincerely pointed out that the key to rushing to grasp the favorable opportunities to speed up the pace of development hinges on ceaselessly emancipating the mind and renewing ideas. We must neither stick to the practice of the planned economy in handling affairs nor only orally stress the importance of developing the market economy. One of the important contents of renewing ideas is to make the ideas, the way of thinking, and the methods of observing and handling problems conform to the principle of the socialist market economy.

Qinhuangdao city occupies a forward position in opening the province to the outside world. How to take the lead in development is also a key issue for deputies' discussions to which Cheng Weigao has paid special attention. Yao Zhaorong said: "In the past, we emulated advanced provinces. In general, we followed others' experiences, lagged behind others, and failed to grasp the favorable opportunities in good time. The main reason was that we failed to really renew our ideas or did not have strong awareness of opening to the outside world, catching up with and surpassing the advanced, and blazing new trails." Some deputies set forth that to promote large-scale cooperation and development and to speed up the pace of development, Qinhuangdao still has many difficulties, such as lacking funds, input, and scientific and technological forces; and not uniting scientific research with economic development. Thus, the deputies warmly discussed this issue.

Cheng Weigao said: Your speeches have greatly inspired me. That is, the key to grasping favorable opportunities and promoting the economy hinges on really emancipating the mind and renewing ideas. However, under the situation of developing the market economy, talented persons flow to the places where the economy is well developed, and capital will be concentrated in the places with high efficiency. This has become a law. It will be impossible for us to control this with administrative methods. Now, some people may appear impressive when discussing the issue of emancipating the mind, renewing ideas, and handling affairs according to the market law; however, they still treat specific contradictions and specific work according to the old practice of the planned economy. They try to get regulations, policies, and methods from higher levels and governments to control skilled persons and capital. Emancipating the mind and renewing ideas is neither abstract nor vague. It is very specific. We should emancipate the mind and renew the ideas in handling all affairs. Some of the current problems are related to the long-term operation of the planned economy. If we cannot extricate ourselves from the restrictions of the planned economy, we will not be able to find out ways for solving problems.

He illustrated with examples: Although foreign businessmen are very interested in the items that we are discussing with them, they do not express their attitudes. Why do they not express their attitudes? Because our side presents to the businessmen the scale, input, and estimated economic results and the method for developing the planned economy. What really concerns the foreign businessmen is how many years will it take to earn back the capital, gain back the interest, or earn money. If we do not understand this kind of psychology in holding trade talks or do not suit the work methods of the market economy, we will not be able to bring in capital and items nor be able to attain the goal that "you make money, and I contribute to development."

The deputies deeply thought about Cheng Weigao's speech. They vied with one another to take the floor. Deputies Wang Daming and Chen Laili said that in regard to land development, we should change the methods of development and construction from "building a nest to attract a phoenix" to "attracting a phoenix to build nests" and change the methods of building special zones from delimiting zones to attract projects to accumulating projects to form zones. Under the current conditions where technology, skilled persons, and facilities are fairly poor, we should vigorously develop internal cooperation to make self-expansion, to improve environment, to assimilate foreign capital, and to expand the scale of cooperation with the outside world. Deputy Wang Daming said: "Only when we really renew our ideas and face favorable opportunities will we be able to grasp the favorable opportunities in brave, good, speedy, and solid manners."

Cheng Weigao said: Grasping favorable opportunities in such four manners is very good. We should also add another manner. That is, we should concentrate energy



on grasping favorable opportunities. We should mobilize the people in the city and concentrate energy on grasping favorable opportunities and accelerating development of economic construction.

Cheng Weigao said: Over the past years, Qinhuangdao has made great development in reform, opening up, and economic construction. However, the speed of opening up and development cannot suit the important position that the city occupies. Qinhuangdao is in the most forward position in opening the province to the outside world. Whether Hebei is able to successfully open itself to the outside world or not depends first on Qinhuangdao. Qinhuangdao is the most important port city in the whole country; it has good geographic conditions; it has established extensive contacts with Beijing, Tianjin, and the whole country; and it has a specific foundation for the tangible aspects of the investment environment. It should, therefore, stand in the front row of the whole province in terms of the pace of opening up and the speed of development. We should have the daring to bring these advantages into full play.

In regard to Qinhuangdao's fighting goals, Cheng Weigao said: To speed up the economy's development, we must eliminate old ideas according to the reality of reform and opening up and foster the new ideas of the socialist market economy. In line with the principle of "being conducive to three aspects" and the principle of "the socialist market economy," we should observe, analyze, and judge all economic and social activities and handle the contradictions and problems relating to our work. We should notice that the slow economic development and some economic problems are often related to the facts that the methods of the planned economy hamper the thinking of the people and that the market economy has not really taken shape yet. To change this situation, we should rely on deepening the auxiliary reform and set up a new socialist market economic system.

Cheng Weigao concluded: To develop the socialist market economy, we should stress the importance of making money, efficiency, and material interests. However, we must not make money by ill means, at the expense of the overall interests of the state and the people, and to the neglect of the dignity of the state, the people, and the party. We should reasonably and legally make money in line with the basic principle of socialism and moral standards. Here, we should also stress the necessity to have accurate thinking and media orientation and to form a forceful mass media environment. Simultaneously, we should strengthen the setup of the legal system and take precautions against those who benefit themselves at the expense of others and put profit-making first in their practical lives.

#### Congress Appoints Officials

SK0706080193 Shijiazhuang HEBEI RIBAO in Chinese 18 May 93 p 1

[Text] The following contains the Eighth Hebei Provincial People's Congress' announcements on the personnel appointments adopted at its first session on 17 May:

Lu Chuanzan was appointed chairman of the eighth provincial people's congress standing committee.

Ye Liansong was appointed governor of the province.

Ping Yijie [1627 5030 2638] was appointed president of the provincial higher people's court.

Liu Zongxin was appointed chief procurator of the provincial people's procuratorate.

#### Hebei Secretary Attends CPPCC Group Meeting

SK0506054293 Shijiazhuang HEBEI RIBAO in Chinese 14 May 93 pp 1,2

[By reporter Li Xiulin (2621 0208 2651): "Hebei's Main Contradiction Is Its Failure To Push the Economy Forward"]

[Text] "There are contradictions of one kind or another, but in the final analysis, Hebei's main contradiction is its failure to push the economy forward. If it fails to solve this contradiction, it will be difficult to solve the other contradictions." This morning, Cheng Weigao, secretary of the provincial party committee and governor, after listening to the speeches given by members of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], used a materialist dialectical viewpoint to elaborate on Hebei's contradictions of relations in the course of building itself into an economically strong province in a fact-seeking manner.

The first session of the seventh provincial CPPCC committee continued to hear speeches this morning. Before listening to speeches, Cheng Weigao, and Li Bingliang and Ye Liansong, deputy secretaries of the provincial party committee, took seats on the rostrum. Nine committee members, including Ma Jiming, Huang Houkun, and Wang Chunran, also mounted the rostrum to give very good opinions and suggestions one after another on strengthening legal service, improving the building of Tangshan Port, and paying attention to developing teachers' training education. Cheng Weigao attentively listened to their speeches on the one hand while reading the text of their speeches on the other hand. He also took notes frequently.

At 1130, Cheng Weigao, executive chairman of the session, gave a speech to the committee members. Cheng Weigao walked toward the front row of the rostrum and said emotionally: "In the speeches of various committee members, they have put forward criticism and suggestions on the work of the provincial party committee and the provincial government in various aspects and from different angles. Their attitudes are earnest and their viewpoints and ideas are significant, fully reflecting their enthusiasm in caring for the whole province's reform, opening up, economic construction, and the work of all trades and professions. It is hoped that the provincial CPPCC committee will convey these opinions and suggestions to leaders in charge of each specific work of the

provincial party committee and the provincial government and to the provincial-level departments concerned. All people should study the issues and improve them with an earnest attitude, and should not disappoint the enthusiasm of the CPPCC members in participating in and discussing political affairs.

After listening to the speeches of the committee member, Cheng Weigao touched on this views in three aspects.

First, among the contradictions of one kind or another, we should learn the major one. Committee members from various fronts have put forward various sorts of contradictions and suggestions. But, how should we solve them? All fronts have reflected the problem of insufficient investment as compared with other provinces and cities. This insufficiency is caused by Hebei's failure in rapidly developing its economy. The financial departments at all levels have great difficulties. If we fail to push the economy forward, it will be difficult to improve the whole financial situation, and if the financial resources are inadequate, it will be difficult to solve the contradictions. There are contradictions of one kind or another, but in the final analysis, the major contradiction is economic construction. If we fail to solve this major contradiction, it will be difficult to solve the other contradictions. I am not going to negate all the opinions raised by the committee members. All I want is to make you reach an identical view: That is, we must grasp the major contradiction and build an economically strong province. Once our province is economically strong and the financial resources are abundant, all problems can be solved easily.

Second, we must go further into the issue of whether we should use the market economic viewpoint or the planned economic viewpoint to solve the contradictions. To push Hebei's economy forward, we must emancipate the mind and renew concepts in all fields. Many people just paid lip service when they mentioned emancipating the mind and renewing concepts. However, when they came across specific problems, they failed to use a reformist viewpoint or a market economic viewpoint to solve them. Instead, they put forward methods for solving the problems with a planned economic viewpoint. Therefore, we must not rely on the efforts of a small number of people, but on the efforts of all levels, all departments and various aspects to realistically emancipate their minds in line with the reality of their work, and to analyze and solve problems with a socialist market economic viewpoint. If we still use the planned economic viewpoint to solve problems, we will have no way to improve the economy. We must use the market economic viewpoint to reform, to blaze new trails, and to solve all contradictions in our economic life.

Third, the various views on Hebei's major issues offered by the committee members are quite good. To invigorate Hebei, we must make breakthroughs in some major problems. This needs an in-depth study. In addition to pinpointing the problems accurately, we must also pay close attention to them. Take agriculture, for example:

when we mention agriculture, many problems have occurred and they are all true. However, among all the contradictions in Hebei's agricultural sector, the most prominent one is water. Without water, we would have nothing. Sowing will be impossible without water. And even when the seedlings grow up, they will wither for a lack of water. This year, there is a big disparity in our province's spring cotton sowing acreage as compared with the previous year. It is not because we have made no efforts but because of drought and a lack of water. If we fail to solve the water problem, pushing grain and cotton production to a new stage is out of the question. In industry, we must mainly grasp two points. One is basic industry and the other is structural readjustment. What is the main contradiction in science, technology, and education? The major contradiction is that we failed to successfully solve the issue of integrating science, technology, and education with the economy. If we fail to integrate science, technology, and education with the economy and to push the economy forward, it will be difficult to invigorate science, technology, and education. In opening up to the outside world, we should mainly do well two aspects of work, namely, opening up the areas around Bohai Bay and around Beijing and Tianjin.

Cheng Weigao's speech was frequently interrupted by the enthusiastic applause of the committee members. This fully reflects that members of the provincial CPPCC Committee and the provincial leaders have reached a common understanding on some major issues on building an economically strong province.

#### Attends CPPCC Closing

SK0506015693 Shijiazhuang HEBEI RIBAO in  
Chinese 16 May 93 p 1

[By reporters Luo Jirong (7482 4949 2837) and Kong Qicai (1313 0366 2088): "The First Session of the Seventh Provincial CPPCC Committee Successfully Ends"]

[Text] Along with the good rain after a long drought, the first session of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC] ended in Shijiazhuang on the afternoon of 15 May after satisfactorily fulfilling the various predetermined tasks.

Over the past eight days, members from various circles met together to attend as observers the first session of the eighth provincial people's congress; to listen to and discuss the government work report made by Governor Cheng Weigao and some other reports; and to discuss "Hebei's program for invigorating the economy." Closely around the central subject of seizing the opportunity, accelerating development, and building an economically strong province, members participated in group discussions and took the floor at the session with full political enthusiasm. They offered many valuable opinions and suggestions on strengthening agriculture's

position as the foundation of the economy, on accelerating the pace of reform, opening up, and modernization, on building the socialist market economic system, on changing the operational mechanism of large and medium state-owned enterprises, on vigorously developing scientific, technological, and educational undertakings, and on strengthening the building of spiritual civilization as well as democracy and the legal system.

On the morning of 15 May, by secret ballot, the session's participants elected Li Wenshan as chairman of the seventh provincial CPPCC committee, elected Zhang Runshen, Wang Shusen, Huang Lan, Du Benjie, Zhao Huichen, Ma Xinyun, Yu Zhenzhong, Wang Manqiu, Chen Hui, and Zhao Yan as vice chairmen, and elected Li Wenzao as secretary general. Standing Committee members of the committee were also elected.

The closing ceremony was held at 1500 that afternoon. Seated in the front row on the rostrum were Li Wenshan, chairman of the provincial CPPCC committee; Zhang Runshen, Wang Shusen, Huang Lan, Du Benjie, Zhao Huichen, Ma Xinyun, Yu Zhenzhong, Wang Manqiu, Chen Hui, and Zhao Yan, vice chairmen; and Li Wenzao, secretary general.

Attending the closing ceremony were Cheng Weigao, Lu Chuanzan, Li Bingliang, Ye Liansong, Li Haifeng, Han Licheng, Zhang Zhenhuan, Chen Liyou, Zhao Jinduo, Li Zhanshu, Yue Zongtai, Liu Ying, Hong Yi, Bai Shi, Dong Naifang, Gao Yongtang, Ning Quanfu, Guo Hongqi, Gu Erxiong, Wang Youhui, and Li Yongjin.

Presided over by Chairman Li Wenshan, the session adopted the political resolution of the first session of the seventh provincial CPPCC committee and the report on motions examination.

Li Wenshan made a closing speech. After reviewing the work achievements of the sixth provincial CPPCC Committee, he excitedly pointed out: Taking office at the critical period of accelerating reform, opening up, and economic construction and building the province into an economically strong one, the seventh provincial CPPCC Committee shoulders the important task of carrying forward the cause pioneered by our predecessors and forging ahead into the future.

By continuously upholding the theory of building socialism with Chinese characteristics, under the guidance of the basic line of the party, and closely around the central task of economic construction, we should conscientiously perform the various positions and duties entrusted on us by the constitution of the CPPCC, make the best possible use of our favorable conditions to work hard with one heart to push the work of the provincial CPPCC committee to an even higher level.

Also attending the closing ceremony were Zhang Shuguang, Xie Feng, Yin Zhe, Yang Zejiang, Wang Zuwu, Liu Zongyao, Wang Enduo, Zhang Ruolin, Jia Qiyun, Ma Zhuozhou, and Liu Zhenhua.

At 1550, the session concluded amid the majestic sound of the national anthem. At this moment, the common determination of more than 600 members was to realize the magnificent blueprint of building an economically strong province together with the people throughout the province.

#### Hebei Meeting on Correcting 'Unhealthy Trends'

SK0506041093 Shijiazhuang HEBEI RIBAO in Chinese 11 May 93 p 4

[By Li Qinghuai (2621 3237 2037): "Carry Forward the Firm and Indomitable Spirit; Continue Correcting the Unhealthy Trends"]

[Text] To continue promoting Hebei's endeavor to correct the unhealthy trends in some departments and trades, the provincial guiding group for administrative honesty and the provincial discipline inspection commission recently held a forum on correcting the unhealthy trends attended by some provincial departments and bureaus.

The provincial public security departments, public health department, industrial and commercial administration, and five other units gave reports at the forum on their efforts to improve party style and administrative honesty in the new situation where the socialist market economy system is to be built. They also put forward specific opinions and measures for their own departments to correct unhealthy trends.

Yang Yuzhong, deputy secretary of the provincial discipline inspection commission, chaired the forum and made specific arrangements for the provincial departments to correct unhealthy trends this year.

Liu Shanxiang, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, gave a speech entitled "Carry Forward the Firm and Indomitable Spirit and Continue Correcting the Unhealthy Trends in Some Departments and Trades With Great Efforts." He pointed out: The province has exerted great efforts, carried out a great amount of work, and achieved some results in correcting the unhealthy trends in some departments and trades over the past few years. Some notorious cases with which the masses were most dissatisfied were resolved, such as the "three unwarranted levies" on highways, the handling of law and discipline breaches committed by cadres, staff, and workers in building private houses in urban areas, and the handling of financial affairs and electricity charges in rural areas. However, we should remain clear-headed to note that the unhealthy trends in some departments and trades have yet to be completely checked and that in some localities and units, people still take advantage of their professions to seek personal gains, refuse to work if not given favor, or work carelessly even if given favor. The current serious problems that affect many departments are as follows: First, the "three unwarranted levies" on highways has resurged to a serious extent, and arbitrary



erection of checkpoints and arbitrary interception of motor vehicles to impose fines have become so serious that they must be addressed right away. Second, in the process of streamlining offices and diverting personnel to other fields, many units have abused power to conduct business and increase income, illegally appropriated state property for use by individual units or public property for personal use, and engaged in malpractice to a serious extent. Third, the legal persons of some economic entities have given gifts to everyone for their own interests, and some have even given money or marketable securities as gifts. This has not only disrupted the economic order but also corrupted the cadres of party and government organs. Some of the aforementioned problems are new ones emerging in the new situation, and others are resurgence of old problems.

Liu Shanxiang pointed out: We should fully understand the important significance of the unremitting efforts to correct the unhealthy trends in some departments and trades. Correcting the unhealthy trends in some departments and trades is aimed at creating a good social environment for reform, opening up, and economic development. It is also an important measure for protecting cadres and improving the contingents of cadres.

Liu Shanxiang urged: All provincial departments and bureaus should conscientiously study the endeavor of correcting the unhealthy trends and put forward specific and operable methods and measures. They should pay attention to the coordination among different departments, different regions, and different levels and their coordination with local party and government departments and should pool the efforts of the entire party to tackle the problems comprehensively. They should strengthen investigation and study, probe the use of reform methods to prevent unhealthy trends from emergence and spreading, and establish a mechanism of self-restraint. He particularly urged these departments and bureaus to conscientiously inspect their economic entities; resolutely ban the abuse of power for increasing income, monopolies in business, and law and discipline breaches; strengthen management of newly established economic entities; and coordinate their endeavor of establishing economic entities with their efforts to strengthen their socialized service.

#### **Inner Mongolia Secretary Attends Congress**

SK0506020493 Hohhot NEIMENGGU RIBAO in Chinese 17 May 93 p 1

[By reporter Wang Rantong (3769 3544 1749) and trainee Wang Yebiao (3769 8518 1753): "The First Session of the Eighth Regional People's Congress Standing Committee Begins"]

[Text] The first standing committee meeting of the eighth regional people's congress opened on the morning of 16 May.

Wang Qun, chairman of the regional people's congress standing committee, presided over the meeting.

Attending the meeting were Yu Xinglong, Liu Zuohui, Yi Junhua, Liu Zhenyi, Cui Weiyue, Jia Cai, Liu Zhen, Wang Xiumei, Shelebatu, and Liu Xiaowang, vice chairmen of the regional people's congress standing committee. Also attending were secretary general and members of the committee, totaling 56 persons.

Wu Liji, chairman of the region, attended the meeting as an observer.

Ba Shijie, president of the regional higher people's court, also attended the meeting as an observer.

The meeting first adopted the agenda items of this standing committee meeting. The agenda items are: Studying the "Regulations Regarding the Work of the Inner Mongolia Autonomous Regional People's Congress Standing Committee," the "Rules of Procedures of the Inner Mongolia Autonomous Regional People's Congress Standing Committee," the "Methods To Appoint and Remove Personnel of the Inner Mongolia Autonomous Regional People's Congress Standing Committee"; and appointing the working personnel of state organs.

Wang Qun made a speech at the meeting. He first stressed the importance of studying related laws, rules, and regulations by the component members of the standing committee. He said: Mastering and being familiar with the related laws, rules, and regulations is not only an important aspect of the self-construction of the standing committee but also the necessary political and professional expertise of each and every member of the standing committee. At present, we, all component members of the committee, face an urgent task, that is, changing work methods and work habits as quickly as possible to keep abreast of the demand of the people's congress work.

Comrade Wang Qun stressed the work priorities and major tasks of the new people's congress standing committee. He said: In line with the guidelines of the resolution on the work report of the standing committee adopted by the first session of the eighth regional people's congress, closely around the subject of seizing the opportunity and accelerating development, and around the establishment and development of the socialist market economic system, we should use the reform spirit to accelerate the drawing up of local rules and regulations, put the drawing up of economic regulations in a prominent position, and draw up as quickly as possible the local rules and regulations which ensure the progress of reform and opening up, promote the establishment and development of the socialist market economic system, and accelerate the pace of economic construction. At present, we should emphasize drawing up the economic regulations with regard to expanding the scale of reform and integration, developing regional economy, invigorating medium-sized and small state-owned enterprises, and developing township and town enterprises and nonstate-owned economic sectors. At the same time, we should strengthen the supervisory work, give full play to the supervisory role of the people's congress standing

committee in ensuring the implementation of the party's line, principles, and policies as well as the Constitution, laws, rules, and regulations and in supporting the work of the people's court and procuratorate. At present, the focus of the supervisory work should be put on the implementation of the enterprise law and the regulations regarding invigorating large and medium state-owned enterprises, on the implementation of the laws, regulations, and policies regarding the development of agriculture and animal husbandry and the protection of the interests of peasants and herdsmen, and on the implementation of the regulations and policies regarding administrative honesty and diligence. To exercise the legislation and supervision powers even more effectively, we must strengthen the self-construction of the people's congress standing committee as well as its subordinate organs. In addition to strengthening the study of theories, laws, and policies, all component members of the standing committee should regard investigation and study as a basic lesson and should frequently go deep into realities of life and the masses to experience and understand the situation of the people. We should take some practical steps to improve ideology, work style, and professional skills. In particular, we should set an example for other organs in building administrative honesty and diligence. Of course, we should also conscientiously discuss and define the priorities of the work for the five-year term of the eighth people's congress standing committee, work out the plans for drawing up local regulations during the next five years, and offer opinions on strengthening the building of the standing committee. According to the pertinent decisions made by the 26th Standing Committee of the National People's Congress, the election of new terms of people's congresses of the various banners, counties, sumus, townships, and towns in the region should be completed by the end of 1993.

The meeting made an announcement on the work assigned to various vice chairmen of the eighth regional people's congress standing committee. These vice chairmen delivered speeches respectively.

Attending the meeting as observers were responsible persons of the various organs and commissions under the regional people's congress standing committee, responsible persons of the regional departments concerned, responsible persons of the people's congress standing committees of various cities which covers districts, and responsible persons of people's congress work offices of various leagues.

### **Tianjin Mayor Addresses Municipal Plenum**

SK0606060393 *Tianjin People's Radio in Mandarin*  
2300 GMT 5 Jun 93

[Text] The 10th Tianjin Municipal People's Government Plenum opened in the Tianjin Auditorium on 5 June. Mayor Nie Bichu presided over and addressed the plenum.

During the plenum, the participating personnel adopted in principle the government work report that will be submitted for examination and discussion to the First Session of the 12th Tianjin Municipal People's Congress; the report on the implementation of the 1992 economic and social development plan; the report on the 1993 economic and social development draft plan; the report on the implementation of the 1992 financial budget; and the report on the 1993 financial draft budget.

During the plenum Zheng Zhiying, secretary general of the municipal people's government, delivered a report on the explanation of drafting the government work report. Mayor Nie Bichu also delivered a speech in which he said: Since it was elected in May 1988, the present municipal people's government has fulfilled in a more satisfactory way the tasks put forward at various sessions of the 11th municipal people's congress under the correct guidance of the CPC Central Committee, the State Council, and the municipal party committee, and by uniting with and depending on the people throughout the municipality to make common efforts and to pioneer a road of advance. Nie Bichu said: A few days later, the municipality will convene the municipal people's congress and the session of the municipal Chinese People's Political Consultative Conference committee. The first session of the 12th municipal people's congress is a meeting of a new term and a big event in the political life of the people throughout the municipality. Governments at all levels and various departments should regard the upcoming people's congress as key work in the current period. In line with the contents of the government work report, they should actively report their work to deputies, inform deputies on their situation, solicit opinions from deputies, and answer the questions raised by deputies as completely as they can.

Nie Bichu said: A good job should be done at present in grasping the following several key tasks set by the municipal party committee and the municipal people's government: 1) We should better unite the understanding of leadership at all levels and of all party members with the spirit of the municipal party congress; efforts should be made to enable the spirit to strike root in the hearts of the people and to become the conscious acts of units from top to bottom across the municipality; 2) we should organize a large number of cadres to go deep into grass-roots level units to vigorously support production and reform; 3) we should study and implement the practical measures of further delegating rights to districts and counties; and 4) we should accelerate our pace in opening the municipality to the outside world in all directions and in utilizing foreign capital.

### Ministry Calls for Repatriation of 2 Hijackers

OW0506151493 Beijing XINHUA in English  
1444 GMT 5 Jun 93

[Text] Beijing, June 5 (XINHUA)—The spokesman for China's Public Security Ministry reiterated today that the Taiwan authorities should send back to the mainland two hijackers accused of being criminals at large.

Conclusive evidence showed that Huang Shugang and Liu Baocai had embezzled public funds and illegally held and sold guns, said the spokesman. In an attempt to avoid legal punishment, the two men escaped to Taiwan after hijacking a passenger plane which was flying the Shenzhen-Beijing route on April 6.

The spokesman said, "We hope Taiwan authorities would hand over these two hijackers very soon, for a long-term interest of cooperation across the Taiwan Straits in cracking down crimes and for maintaining social security."

### Official on Notary Agreement With Taiwan

OW0506124693 Beijing XINHUA Domestic Service  
in Chinese 1326 GMT 29 May 93

[Text] Beijing, 29 May (XINHUA)—The "Agreement on the Use and Verification of Notary Certificates Across the Strait [Agreement]," which was formally signed during the "Wang-Ku Talks," formally takes effect today. In an interview by this reporter, a responsible person of the China Association of Public Notaries [CAPN] discussed issues related to the implementation of the agreement.

[XINHUA] What is your view on the signing and implementation of the Agreement?

[Official] The signing of this agreement has pushed forward the relations between the two sides of the Taiwan Strait. It is of great significance to promoting contact and exchange between the two sides and advancing the motherland's peaceful reunification. The implementation of the Agreement guarantees the effectiveness of the notary certificates and is conducive to safeguarding the legitimate rights of the people on both sides of the strait.

[XINHUA] What are the Agreement's main contents?

[Official] The Agreement's main contents consist of nine parts, including notary subjects, service of copies of notary certificates, verification of notary certificates, and the form of documents. In accordance with the provisions of the agreement, the CAPN—or relevant provincial, autonomous regional, and municipal associations of public notaries—and the Strait Exchange Foundation [SEF] will contact each other on matters concerning service and verification of copies of notary certificates. They will send each other copies of the notary certificates to be used by the other side involving

inheritance, adoption, marriage, birth, death, authorization, school record, domicile, family dependents, and property rights. In addition, the two sides may also contact each other for verification of the contents and form of notary certificates, in case the subject matter does not fall within the scope of service offered by the notary organs, the same subject matter was notarized at different notary organs, the contents of notary certificates do not agree with the records in the household register and other documents on file, the contents of notary certificates are self-contradictory, or the characters and seals of notary certificates are illegible or show questionable marks of being altered or erased.

The agreement also stipulates that any changes or termination of the agreement must be approved by the two sides through consultation. The two sides should resolve, as soon as possible and through consultation, disputes over the implementation of the agreement. The agreement takes effect 30 days after its signing by the two sides. In accordance with the Agreement, the accord formally takes effect on 29 May.

[XINHUA] What has the CAPN done to prepare for the Agreement's implementation?

[Official] To ensure the various notary public associations in the provinces, autonomous regions, and municipalities correctly understand the contents and requirements of the agreement and strictly implement it, we specially called relevant personnel of the various associations to a meeting to discuss its implementation. On this basis, we drew up the "Measures for Implementing the Agreement on the Use and Verification of Notary Certificates Across the Strait [Measures]," which has been printed and distributed to public notary associations in various places for implementation. We understand that public notary associations in various provinces, autonomous regions, and municipalities also held special meetings to study issues related to implementing the agreement. Preparatory work has been basically completed in various localities.

[XINHUA] What are the Measures' specific contents?

[Official] The Measures stipulate that the CAPN or public notary associations in various provinces, autonomous regions, and municipalities shall be responsible for contacting the SEF and serving and verifying copies of notary certificates. No individuals, notaries public, or associations of notaries public below the provincial level shall serve copies of notary certificates to SEF or respond to its inquiries. At the same time, associations of notaries public are asked to assign full-time personnel to be in charge of registering, sending, and receiving copies of notary certificates and responding to letters of inquiry.

To facilitate the implementation of the agreement, implementation measures will specify the different types of notary certificates so that associations by public notary and notary offices will have a clearer idea about what types of copies have to be sent. These documents include: documents for inheritance, such as kinship



certificates; authorization certificates and birth, death, or marriage certificates—which are required for the handling of certain cases; certificates proving adoption, marriage, birth, school records, or authorization; certificates proving kinship, marriage, or birth needed by mainland residents seeking permanent residence in Taiwan or by Taiwan residents seeking permanent residence on the mainland; certificates proving family support, including certificates proving kinship, the ability to make a living, disabilities, adult children's school attendance; certificates proving insurance or medical payments; as well as certificates proving the property rights of citizens, legal persons, or other institutions—including rights to such tangible assets as property, debt, and inheritance as well as rights to such intangible assets as patents, copyrights, and trademarks.

Specific operating procedures for sending copies are: When the aforementioned notarized certificates issued by notary offices are sent to the parties concerned in Taiwan, the notary offices which issue these certificates will send copies of these certificates to the associations of public notaries of respective provinces (or autonomous regions, or municipalities directly under the central government's jurisdiction). Then these associations will pouch the copies of these certificates and send them to the SEF collectively. When they receive from the SEF the copies of notarized certificates to be used on the mainland, all notary associations should register them and, in accordance with their intended purpose, send them to the departments where these documents are to be used.

For notary certificates which need verification, the procedures should be: Whenever the SEF sends a letter requesting verification to the CAPN, the association should, within three days, refer the letter to the notary office which provides the verification. At the same time, copies of the letter should be sent to the association of the province (or autonomous region, or municipality directly under the central government) where the notary office is located. After the notary office has received the letter requesting verification, it should, within 10 days, report the verification results to the CAPN and send duplicates of the results to the provincial (regional or municipal) association of public notaries. The CAPN will answer the SEF.

When the SEF directly sends its letter requesting verification to a relevant provincial (regional or municipal) public notary association, the association should, within three days, refer the letter to the notary office which provides the verification. After receiving the letter requesting the verification, the notary office should, within 10 days, report the verification results to the provincial (regional or municipal) public notary association. The provincial (regional or municipal) public notary association will answer the SEF.

Subject matters stated in the notary certificates where the SEF requests verification must be one of the seven prescribed in Agreement Article 3, Item 1. No verification will be provided for any other materials. Verification will also

not be made when the SEF's letter requesting verification fails to state the subject matter requiring verification, or when the SEF requests that additional seals of proof be stamped on the notary certificate requiring verification. The notary office need not reply to the SEF request if the SEF directly sends its verification request to the notary office, or relay the request to the office via the party concerned or another unit.

When a department which uses a notary certificate requests that a certificate be verified by a notary organ in Taiwan, this department should send duplicates of this certificate to the provincial (regional, or municipal) public notary association or to the CAPN, along with the reason why it needs the verification. If after examination the public notary association thinks the request conforms to those prescribed in Agreement Article 3, Item 1 it should register the request and send to the SEF a letter requesting verification of the certificate. After the SEF answers the letter, it should refer the verification results to that department which uses the notary certificate.

When a public notary association sends the verification, it may not stamp any additional seals on copies of the notarized certificates. Letters sent along with copies of notarized certificates or verification results, as well as receipts for verification, must be written according to prescribed rules.

[XINHUA] How should the notary certificates which the SEF had returned for verification before the Agreement has come into effect, be handled?

[Official] The CAPN will answer these certificates, issued by various notary offices on the mainland, after checking them and after the agreement has come into effect.

### Official Proposes Cross-Strait Flight Policies

OW0506081993 Beijing XINHUA Domestic Service  
in Chinese 0951 GMT 25 May 93

[By reporter Luo Kangxiong (5012 1660 7160)]

[Text] Shanghai, 25 May (XINHUA)—At the opening of a seminar on air transportation between the two sides of the Taiwan Strait today, Ke Deming, executive vice president of the China Civil Aviation Association, proposed three principles to govern direct exchanges of air services across the Taiwan Strait: "one China," "direct and two-way transportation," and "reciprocity and mutual benefits." He welcomed honest and direct opinions and suggestions from Taiwan's civil aviation sector and friends in the air transportation industry.

Ke Deming stated: First, there should be direct exchanges of air services based on the consensus of "one China." Direct exchanges of passengers, cargo, and mail across the Taiwan Strait via air transportation routes are essentially conducted through special routes at the present stage—before motherland reunification. Direct cross-strait exchanges of air services fall within the limits of China's sovereign rights, and no foreign interventions

and involvements should be permitted. All matters between the two sides of the Taiwan Strait can be discussed. We should begin consultations as soon as possible on routine matters, economic issues, and technicalities concerning such exchanges.

Second, by direct exchanges of air services across the Taiwan Strait, we mean direct and two-way air transportations conducted regularly by airplanes of China's air transportation enterprises to transport passengers, cargo, and mail from airports on either side of the Taiwan Strait to the other side of the strait. By that, we do not mean present indirect, one-way transportation routes conducted via Hong Kong. Before we proceed with this type of air-service exchange, and to adapt to the rapid increase in personal exchanges across the strait, we should adopt a flexible and pragmatic attitude, and open nonregular chartered flights for sports exchanges, travel, and commercial exchanges as soon as possible and according to actual demand. We should gradually expand relevant efforts according to the situation, and set the stage for launching regular cross-strait flights.

Third, direct exchanges of air services across the Taiwan Strait should be something reciprocal, mutually benefiting, and accepted by the both sides of the strait. In the preliminary stage, we can consider letting the Taiwan side enjoy more benefits first; however, the exchanges should on the whole be reciprocal, mutually beneficial, and fair.

Ke Deming said: In principle, airports opened to foreign countries and the Hong Kong region can also be opened

to Taiwan. Of course, we should proceed gradually and in proper order according to freight volume, handling capacity, and facilities, and make plans accordingly. The Taiwan side is welcomed to give specific suggestions concerning this.

#### **Rong Yiren Resigns as ARATS Honorary Chairman**

*OW0306091993 Beijing XINHUA Domestic Service  
in Chinese 0518 GMT 3 Jun 93*

[Text] Beijing, 3 Jun (XINHUA)—Vice President Rong Yiren recently resigned as the honorary chairman of the Association for Relations Across the Taiwan Strait [ARATS].

Rong Yiren was appointed ARATS honorary chairman on 16 December 1992 by the First Meeting of the First Council of ARATS.

Rong Yiren requested that he resign as ARATS' honorary chairman after he was elected PRC vice president at the First Session of the Eighth National People's Congress. ARATS fully respected his wish. It expressed its high respect and deep gratitude to Rong Yiren for his concern and guidance for ARATS' work and for his contributions to developing relations across the strait while he was its honorary chairman. It also hopes he would continue to show concern for and provide guidance to it amid his busy activities of state affairs.

### Exports to U.S. Reported Down 'Sharply'

OW0506211693 Taipei CNA in English 1456 GMT  
5 Jun 93

[Text] Taipei, June 5 (CNA)—Exports in May set a record high, statistics released by the Ministry of Finance show.

Exports stood at nearly US\$8 billion in May, while imports totaled US\$6.8 billion with a trade balance of US\$1.21 billion, also a monthly record in trade surplus since April last year.

Chen Chang-hsiung, director of the Department of Statistics in the ministry, said that an economic rebound was clear after a sluggish pace since the beginning of the year. Chen said that the large increase in exports in May was attributed to a sharp increase of exports to Mainland China via Hong Kong. The indirect exports to the mainland increased by 30 percent from the same time last year.

The trade deficit with Japan also registered a decrease in May, down US\$120 million from the same time last year though imports from Japan increased by 16 percent from the same time last year.

The sharp increase in exports in May was attributed to a surge of exports to Hong Kong, and also an increase of exports to Japan, Europe and the United States. Though export rates in May were high, they were sluggish in the previous four months, so that trade surplus in the five-month period stood at only \$2.97 billion, down 37 percent from last year.

Chen said that trade surplus to Hong Kong in May totaled US\$1.6 billion, up 35 percent from last year. A sign that indirect trade with Mainland China via Hong Kong is still a major source of trade surplus.

In terms of export items, petrochemical products are still the major exports. Exports of the products increased by 23 percent in May, the largest increase of all exported item. The total of petrochemical product exports accounted for more than half of all exports for the seventh successive month.

As for imports, capital equipment and raw materials were still the fastest growing items in May, while imports of consumer goods increased in May, accounting for 20 percent of the total imports, largely because of an increase of imported small cars.

Economics minister Chiang Ping-kun said that exports totaled US\$35 billion in the January-May period, up 5.7 percent from the same time last year. Chiang predicted that the annual economic growth rate would be around six percent this year, more or less the same as last year. Chiang said, however, exports to the United States decreased sharply this year. Exports to the U.S. this year may decrease 20 percent from last year and trade surplus with the U.S. is estimated to be US\$7.5 billion.

Economic officials said that due to a prolonged recession in Japan, Europe and the United States, exports in the January-April period was down 0.3 percent from the same time last year. In a breakdown, exports to Japan during the four-month period were down 5.7 percent from the same time last year, exports to Europe down 10.2 percent. Only exports to Hong Kong were up 24.1 percent.

### Investors To Benefit From PRC MFN Status

OW0506060793 Taipei CHINA POST in English  
31 May 93 p 15

[Text] Taiwanese investors in the mainland will benefit from the United States' decision to extend Communist China's most-favored-nation (MFN) trade status for one more year, local economic and trade experts said yesterday.

An increasing number of local manufacturers have invested in the mainland mainly to take advantage of the preferential tariffs given to its exports to America and to cash in on its giant sales potential, the experts said.

If Washington had decided against granting MFN, the mainland's exports to the U.S. would have suffered significantly because of high import tariffs imposed by America, they said. Beijing's economic reform programs would also have been undermined and Taiwanese investors adversely affected as a result.

Taiwan's investment in the mainland over the past five years comes to at least US\$6.3 billion, making the island the second biggest foreign investor there, according to statistics compiled by the Chung-Hua Institute for Economic Research. The same statistics also indicate that two-way trade over the Taiwan Straits has grown about 100-fold over the past 13 years, with Taiwan recording an aggregate trade surplus of US\$18 billion in that period. The figures make the mainland Taiwan's fifth largest trading partner.

Annual indirect cross-strait trade via Hong Kong totaled US\$6.28 billion in 1992, some 100 times the figure registered in 1979. Taiwan's indirect exports to the mainland showed an average annual expansion of 60 percent over the past 13 years, and imports recorded a lower average yearly increase of 29 percent, the figures show.

The ratio of Taiwan's exports to the mainland to the island's total annual outbound shipments increased sharply to 7.72 percent in 1992 from a marginal 0.13 percent in 1979. The corresponding figure for Taiwan's imports from mainland rose to 1.55 percent in 1992 from 0.38 percent in 1979.

### Foreign Ministry Denies Direct PRC Contacts

OW0606092493 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
5 Jun 93

[From the "Hookup" program]



[Text] Yesterday, the Republic of China [ROC] Foreign Affairs Ministry denied an allegation made by a Chinese Communist official.

Beijing's Foreign Affairs Ministry said that the three-link taboo had been broken as it had contacted the ROC Foreign Affairs Ministry in connection with the Shenzhen conference of the Asian and Pacific Economic Council [APEC].

The ROC Foreign Affairs Ministry indicated that the ROC gave Chinese Communist authorities the names of participants who were attending the meeting through the United States. Moreover, the ministry added, ROC personnel will be attending the Shenzhen conference on an equal footing as an APEC member attending a meeting sponsored by another APEC member; participation has nothing to do with the three links.

The ministry added that, although Wang Yu-sheng [Wang Yusheng], a senior Chinese Communist official in APEC, yesterday directly faxed the invitation to Shen Kuo-hsiung, a senior APEC official of the ROC and director of the Foreign Affairs Ministry International Affairs Department, Beijing could obtain the fax number very easily from APEC since Shen is in charge of the ROC's liaison with APEC.

The Foreign Affairs Ministry maintained that the matter was strictly Beijing's unilateral action and that it has nothing to do with the three links. Besides, it added, this is different from the three links both in terms of level and nature.

The Foreign Affairs Ministry pointed out: The Chinese Communists' invitation will primarily serve for the purpose of a visa to facilitate ROC personnel entrances to the mainland. The ROC earlier consulted with the U.S. side in connection with the ROC participants' entry to the mainland. Last February when Chinese Communist personnel came to Taiwan to attend the APEC-sponsored seminar to train managers of medium and small enterprises to promote trade, the principle governing their entry was entirely the same as this one.

The Foreign Affairs Ministry urged the public not to make any unnecessary associations.

#### **Trade Official Departs for Mainland Seminar**

OW0606063193 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
5 Jun 93

[From the "Hookup" program]

[Text] (Lin I-fu), deputy director general of the Board of Foreign Trade [BOFT], left for the mainland yesterday [5 June] to attend a seminar on promoting exports of small and medium enterprises to be held in Shenzhen 7-10 June under the auspices of the Asia-Pacific Economic Cooperation [APEC]. This is the first time an official from our side has attended an international activity on the mainland since the lifting of control over

cross-strait exchanges. Prior to departure, the deputy director-general indicated that he would not contact mainland officials on matters related to economic and trade issues between the two sides. Following is a report filed by station reporter Huang Mei-ping:

[Begin recording] [Huang Mei-ping] Deputy Director General (Lin I-fu), of the Economic Affairs Ministry BOFT, has led a group to attend a seminar on the mainland as the coordinator from Chinese Taipei to the APEC's Trade Promotion Group. He is accompanied by Secretary (Huang Jung-chu) of the ministry's department of small- and medium enterprises, and two representatives from enterprises. According to him, the main purpose of his current trip is to take part in the international organization's multilateral activities, and he will not discuss bilateral economic and trade issues with mainland officials. As far as the idea of upgrading the APEC meeting into a summit is concerned, he believes that it will not be discussed under the present circumstances. This is what he said:

[(Lin I-fu)] Aside from attending seminar-related activities, I am not authorized to discuss issues with the mainland.

[Huang Mei-ping] The deputy director-general and his party will enter Kwangchow [Guangzhou] with an invitation letter issued by the APEC Secretariat, and certificates of identity issued by our Foreign Ministry. According to him, arrangements for the current trip to the mainland have mainly been coordinated by the United States. The deputy director general will take a side trip to visit two factories run by Taiwan businessmen. This will also be the first time that an economic and trade official from our side has visited the mainland to familiarize himself with Taiwanese investment in the mainland since Taiwan businessmen began indirect investment in the mainland. During the four-day seminar, the officials from our side will make special reports on ways and means to promote exports of small- and medium-sized enterprises through international cooperation. They are scheduled to return to Taiwan on 11 June. [end recording]

#### **Premier on Signing Peace Accord With PRC**

OW0506022693 Taipei Voice of Free China in English  
0200 GMT 3 jun 93

[From the "News" program]

[Text] Premier Lien Chan said Tuesday [1 Jun] that the ROC [Republic of China] Government would consider signing a peace treaty with Mainland China if Peking expresses its willingness to cooperate. Answering a question raised by lawmaker Lin Cheng-chieh at parliament, Lien expressed hope that the Mainland China would reciprocate his remarks with a good-will response. Lien has early proposed that Taiwan and Mainland China sign a peace treaty to end their rivalry. The lawmaker said the ROC Government should end the state of war with the Chinese Communists in order to provide local

people with a safe living environment and then cease cash diplomacy and stop spending so much on defense. In response, the prime minister said the ROC Government has considered a new political entity since 1991 when it ended the Period of National Mobilization for the suppression of the communist rebellion.

#### **Excessive Reliance on PRC Trade Warned Against**

*OW0506211093 Taipei CNA in English 1447 GMT 5 Jun 93*

[Text] Taipei, June 5 (CNA)—Economics Minister Chiang Ping-kun Saturday [5 June] warned against the nation's heavy reliance on a single export market. Chiang said that the nation in the past had shipped most of its exports to the United States, but now the mainland is becoming the largest export market for the nation.

Citing customs statistics, Chiang said that the ROC [Republic of China] registered US\$3.56 billion in trade surplus with Hong Kong, the transshipping center for indirect Taiwan-mainland trade, in the first quarter of this year. The nation's trade surplus with the U.S. and Europe in the same quarter reached US\$1.3 billion and US\$90 million only, lagging far behind that of the British colony. The situation shows that the nation is turning from past heavy reliance on the U.S. market to Mainland China, he said.

Chiang said that the tendency towards a single market is detrimental to the nation's economic development as a whole. He noted that the nation has always been under the pressure of U.S. trade sanctions as a result of its heavy reliance on the American market, and, in the future, the nation may have to shoulder much "unpredictable pressure and undesirable side-effects" from Mainland China.

Chiang also expressed his worries over the nation's snowballing trade deficit with Japan, which reached US\$5.7 billion in the first five months of this year, representing an increase of 28 percent from a year ago. Chiang called for a greater effort to diversify export and import markets to improve the nation's trade structure.

#### **Official Says PRC Focusing on 'Taiwan Problem'**

*OW0406155593 Taipei CNA in English 1416 GMT 4 Jun 93*

[Text] Taipei, June 4 (CNA)—Beijing is turning greater attention to what it calls "Taiwan problem," Shih Chi-ping, deputy secretary-general of the Straits Exchange Foundation [SEF] said Friday [4 June]. Shih made the remarks in a seminar on cross-strait relations, sponsored by the ROC [Republic of China] chapter of the World League for Freedom and Democracy in memory of the June 4 Tiananmen massacre of 1989.

Shih offered two reasons why Beijing appears to be accelerating its Taiwan operations: It is afraid of a possible change in U.S. policy towards the mainland and

Taiwan, and it believes that the Democratic Progressive Party's victory in last year's parliamentary election may lead to greater support for secessionism on the island.

Shih noted that Beijing had in the early 80's seemed to be in a hurry to settle "the Taiwan issue." That initiative slowed down after the collapse of the former Soviet Union and as cross-strait economic and trade exchanges began to take on steam.

He said that several recent remarks by ranking Beijing leaders, such as "no issues should be excluded from the negotiation table as long as both sides sit down to talk," and "we don't care if we end up giving more than we take," fully indicated that the communists are intensifying their efforts directed at Taiwan.

#### **Mainland NPC Member May Receive Entry Permit**

*OW0506213193 Taipei CNA in English 1400 GMT 5 Jun 93*

[Text] Taipei, June 5 (CNA)—Zhang Kehui, a member of the mainland Chinese National People's Congress [NPC], is expected to be granted permission next week to come to Taiwan on a "special case" basis for his father's funeral, sources close to the Interior Ministry said Saturday [5 June].

Zhang's brother in Taiwan applied for an entry permit on Zhang's behalf last month after their father, Chang Shui-chih, died on May 15. The application was rejected by the Interior Ministry due to Zhang's political status on the mainland.

The Zhangs appealed again recently to the Interior Ministry and the Mainland Affairs Council for an entry permit. An Interior Ministry official disclosed Saturday that the Zhangs' appeal may be given special consideration next week based on humanitarian principle so as to enable Zhang, a "Taiwan representative" in the people's congress, to come to his homeland.

#### **Taipei To Allow Entry**

*OW0606092193 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 5 Jun 93*

[From the "Hookup" program]

[Text] Huang Kun-hui, chairman of the Mainland Affairs Council [MAC], pointed out yesterday that Premier Lien Chan had approved the MAC request that, for humanitarian reasons, Chang Ko-hui [Zhang Kehui], president of the All-China Federation of Taiwan Compatriots, be permitted to come to Taiwan to attend his father's funeral. He added that the authorities in charge will make specific arrangements in accordance with administrative procedures.

Yesterday, the Ministry of Internal Affairs also decided to hold an ad hoc meeting on 8 June to discuss the case. After

the previous decision barring Chang's entry has been nullified and replaced by a new decision, the ministry will request that Internal Affairs Minister Wu Po-hsiung approve the case and that the ministry immediately issue Chang the entry permit. Thus, Chang may proceed with the formalities for coming to Taiwan this week.

After the government permitted mainland personages to visit Taiwan, Chang will become the first person coming to Taiwan in his capacity as a member of Mainland China's National People's Congress Standing Committee—not as a specialist—to attend activities other than official or semiofficial international activities.

### Renminbi 'Plunge' To Affect Local Economy

OW0506211293 Taipei CNA in English 1424 GMT  
5 Jun 93

[Text] Taipei, June 5 (CNA)—Taiwan's economic development will be closely related to the recent dramatic plunge in the value of Mainland China's currency, officials of the Central Bank of China (CBC) forecasted Saturday [5 June]. Whether positive or negative, the impact a lower renminbi (Rmb) will have on the Taiwan economy is immediate and enormous, they noted.

The mainland allowed the Rmb to float freely on Wednesday for the first time in its currency exchange centers, with its value slipping to a record low of 10.316 against one U.S. dollar on the Shanghai swap market Friday. The official exchange rate, which tourists and state enterprises use, is 5.72 Rmb to the greenback.

The Rmb depreciation has indirectly pushed up the value of the new Taiwan [NT] dollar, the officials pointed out, saying the NT dollar's value against the Rmb soared from 5.5:1 to 2.6:1 in two years. In terms of rate fluctuations, they elaborated, the sharp devaluation of the Rmb will cool down the overheated mainland economy, which in turn might cause capital flight and slow down the economic development. If the depreciation hits the bottom, they added, more fresh funds from Taiwan will be channeled into the mainland along with less speculation over a lower Rmb. Both cases will have strong impact on Taiwan investors in view of the ever-increasing trade ties across the Taiwan Straits, they stressed.

Statistics show that cross-strait indirect trade totaled US\$7.4 billion last year, and it is on the rise. Investments made by Taiwan manufacturers on the mainland were put in a range between US\$7 billion and US\$9 billion.

The CBC officials expressed deep concern about the double effect of the lower Rmb, saying exports to the mainland will become more expensive, which will deal a blow to Taiwan's export-oriented industries. On the other hand, they pointed out, the mainland is expected to tighten credit in order to address runaway inflation triggered by the currency depreciation. The move will ultimately drive up the Rmb's interest rates and draw Taiwan investors to put more money into the mainland, thereby causing a serious capital outflow from Taiwan,

they analyzed. But, to what extent the lower Rmb will in practice affect the Taiwan economy remains to be seen, they said.

### Presidential Adviser Leaves for Mainland Seminar

OW0706090693 Taipei CNA in English 0832 GMT  
7 Jun 93

[Text] Taipei, June 7 (CNA)—K. T. Li, senior adviser of President Li Teng-hui and a member of the Central Standing Committee of the ruling Kuomintang, left for Mainland China via Hong Kong Sunday [6 June] to attend an economic seminar sponsored by the World Bank.

Accompanied by Liu Tsun-yi, a member of the Academia Sinica, the highest academic institute in Taiwan, Li will first visit Dalian to attend the seminar on China's reform and deliver a speech on Taiwan's economic development.

Besides his sojourn in Dalian, Li will visit his hometown Nanjing for the first time in 45 years.

Known as the architect of Taiwan's economic development, Li is the latest high-ranking government official to visit Mainland China. The trip has the blessing of President Li.

Informed sources said Li's mainland trip is arranged by the World Bank's Beijing office and Southeast University on the mainland.

### 'Some 8,000' Firms Register Mainland Ventures

OW0406161093 Taipei CNA in English 1407 GMT  
4 Jun 93

[Text] Taipei, June 4 (CNA)—As the government deadline for registering mainland investments expired on Thursday [3 June], some 8,000 local firms had come forward to report their mainland operations, which are still restricted to an indirect basis. The total number of the official registry may eventually amount to 9,000 as more applications are coming in, the Investment Commission of the Ministry of Economic Affairs said.

Economic Affairs Minister Chiang Ping-kun assured that "this will be the last opportunity for firms wishing to report to the government on existing mainland investments."

The forceful registry was implemented to regulate Taiwan's mainland-destined ventures as a sizable amount of capital has been funneled out of Taiwan to the mainland through various channels. Those which have not complied with the government demand, if caught, will be fined between NT \$3 million [new Taiwan dollars] and NT\$15 million, according to provisions of the statutes on relations between people on Taiwan and the mainland.

The aggregate value of the reported Taiwan investments on the mainland is still unavailable, but the commission said it may amount to US\$3 billion after the screening of all the registries have been completed. The commission



has completed the screening of 3,700 investments worth NT\$1.3 billion (US\$50 million) that were reported to the ministry before the end of April. Yet the projected sum is still a fraction of that by Chinese communist compilation, which registered at US\$9 billion. Even the Chung Hua Institution for Economic Research, a semi-official economic think tank here, put total mainland-bound investments at approximately US\$7 billion.

### Editorial Hails 'Pragmatic' Diplomatic Policy

OW0296060693 Taipei CHINA POST in English  
1 Jun 93 p 4

[Editorial: "Pragmatism Works in ROC's Attempt To Join GATT"]

[Text] Two pieces of good news reached here last week from Europe. One, the European Parliament, which met in Strasbourg, France, supported Taiwan's and mainland China's applications for membership of the General Agreement on Tariffs and Trade. Two, the GATT disclosed that Taiwan will establish an "Office of Representation of the Separate Custom's Territory of TPKM (Taiwan, Penghu, Kinmen and Matsu)" in Geneva in the near future.

Michael Hindley, the rapporteur for the parliament's external relations committee, told the assembly that Taiwan deserves "a quick and unproblematic entry" into GATT because the country is "already a major trader" in the world.

His view was echoed by EC Commissioner Joao de Deus Pinheiro, who said both Taiwan and mainland China should be admitted to the 111-member world trade organization. "The Commission believes that the accession of Taiwan to the GATT will be beneficial (but) it will have to make significant (tariff) concessions bearing in mind its trade surplus," Pinheiro said.

Obviously, a consensus has been formed among major international organizations that time is ripe for Taiwan to join the GATT, and the sooner the better. After all, the Republic of China [ROC] on Taiwan is the world's 14th largest trading country, the world's 20th largest economy, the seventh largest investor, and the second largest holder of foreign reserves.

The impending establishment of Taiwan's representative office in Geneva is a clear indication that this country's accession to the GATT appears a certainty. There are many hurdles to clear before the final admission, but nothing will stop this country from reaching that goal.

The progress is a testimony to the success of the ROC's pragmatic diplomacy aimed at breaking the international isolation suffered by this country since 1971 when Beijing replaced Taipei in the United Nations. In its bid to join the GATT, the ROC has chosen to be called the separate customs territory of TPKM to avoid controversy over sovereignty. This is indeed pragmatic diplomacy at work.

Pragmatism, not ideology, can work wonders. Three years ago, few were optimistic about Taiwan's bid for GATT membership. If Taiwan is pragmatic nowadays, so is the world at large. The European Parliament, for example, resolved last Friday to advocate Taiwan's participation in other international organizations including the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development.

While it may look like a pie in the sky for Taiwan to join the IMF and OECD at the moment, nothing seems impossible in this realistic world. It is important to use pragmatism as a tool to break new ground.

Seen in this light, it is not impossible for Taiwan to break its international isolation as long as it can maintain its position as an economic power in Asia and occupy a pivotal geopolitical position in the Western Pacific. At long last, it has been borne out in the world, and in Taiwan in particular, that pragmatism works well for everyone.

### Taipei Export Growth Second of 'Dragons'

OW0406151393 Taipei CNA in English 1353 GMT  
4 Jun 93

[Text] Taipei, June 4 (CNA)—The Republic of China [ROC] recorded an export growth rate of 5.1 percent in the first quarter of this year, lagging behind that of Asia's three other dragons, the Council for Economic Planning and Development (CEPD) reported Thursday [3 June].

In its weekly report on international economic condition, CEPD said that the ROC's average annual export growth rate reached as high as 7.3 percent between 1989 and 1992, ranking second among the four dragons. Hong Kong took the lead with 17 percent in the period.

The British colony remained its lead in the January-March period this year with an 18 percent growth rate, followed by Singapore with 13 percent and South Korea with 7.5 percent.

The ROC's export growth performance in the first quarter was even poorer than that of Mainland China, Malaysia and Indonesia, which stood at 14.6 percent, 7.9 percent and 7.8 percent respectively.

CEPD also expressed concern over the nation's declining market shares in the United States, Europe and Japan.

### Delegation Visit To Boost Ties With France

OW0506125793 Taipei CNA in English 0806 GMT  
5 Jun 93

[Text] Taipei, June 5 (CNA)—Industrial and economic exchanges between the Republic of China [ROC] and France are expected to shift into a high gear when government officials and business leaders from the two countries meet in Paris on Monday [7 June].

Wang Chun-min, director of the Industrial Development Bureau, will be the head of the ROC delegation to

the third ROC-French Industrial and Scientific Cooperation Conference and the ninth ROC-French Economic Cooperation Conference slated for June 7-11.

"Our discussions will primarily center on electronics, telecommunications, aerospace, electrical appliance, and pollution control," said Wang, who is leaving for Paris Saturday evening.

The 70-member delegation will also visit the Paris International Air Exhibition, which opens on June 11.

The trip has drawn wide attention from France as it is the first group of its kind to visit the West European country since the French Government underwent a cabinet reshuffle in March, an official with the Ministry of Foreign Affairs said.

The new French Government is adjusting its policy toward Taipei and Beijing, and the visit should have a decisive influence on the policy adjustment, the official said.

The topics of discussions include the progress of the six-year national development plan, in which French firms are actively participating, the protection of intellectual property rights in Taiwan, the ROC-French aerospace industry cooperation, and the opening of Taiwan's insurance market.

The French, the official pointed out, have also shown particular interest in the political and economic relations across the Taiwan straits and their prospects after the Ku-Wang meeting, the first high-level unofficial contact in Singapore in April.

#### Soaring Yen Upping Prices of Japanese Goods

OW0406161893 Taipei CNA in English 1427 GMT  
4 Jun 93

[Text] Taipei, June 4 (CNA)—Unable to sustain the strong pressure of a soaring Japanese yen, many local importers and retailers, for example in home appliances, office equipment and automobiles, are preparing to raise prices of their Japanese products.

Office equipment sources said many importers, responding to rising import costs, already raised the prices of copy and fax machines in early May by 10 percent. Prices of time clocks and other products were also adjusted between 6 percent and 15 percent in mid-May.

Business sources predicted the yen may appreciate further from the current 107 against one US dollar level. While a strong yen, which has already appreciated more than 20 percent against the new Taiwan dollar since the beginning of this year, exerts different degrees of pressure on different local industries, many see another bout of price hikes in the near future.

It is understood that many office equipment firms including National and Mitsubishi may implement another round of price hikes of about 10 percent in

mid-June if pressure from the Japanese yen does not ease. Many domestic home appliance manufacturers are taking similar measures. Sampo Corporation decided Friday [4 June] to raise prices of its Japanese imports sometime in the near future. Meanwhile, the Taiwan agents for Hitachi and Sanyo, among others, are taking a wait-and-see attitude before making a final decision, pending the extent Sampo raises its prices.

Ford Lio Ho Motor Company Ltd., a leading carmaker in Taiwan, also revealed that it might make an adjustment of prices as a result of the robust yen and the still large portion of Japanese-made components. Car industry sources said most local carmakers are likely to announce price hikes within the month, judging from the fact that the market price of a newly marketed model of the Yulon Motor Co., Ltd.—the March—is higher than expected.

#### Labor Productivity Rising 6 Percent Annually

OW0506211493 Taipei CNA in English 1417 GMT  
5 Jun 93

[Text] Taipei, June 5 (CNA)—Over the past 12 years, labor productivity in Taiwan has grown 5.9 percent annually and unit output labor cost has expanded 4.5 percent yearly, according to statistics released by the Directorate General of Budget, Accounting and Statistics (DGBAS).

Between 1982 and 1992, the gross production value of the private sector showed an annual average increase of 7.72 percent with the service sector registering the highest 9.9 percent growth annually, followed by the industrial sector's 6.9 percent and the agricultural sector's 0.9 percent. The productivity of the service sector in the past 12 years was up 5.82 percent yearly, while that of the industrial sector grew 5.7 percent and agriculture rose 2.7 percent only.

With respect to unit production labor cost, the service sector showed an annual growth of 4.6 percent, the industrial sector, 5.5 percent, and agriculture, 3.04 percent yearly, the statistics showed. Last year, the average unit labor productivity nearly totaled NT \$40,000 [new Taiwan dollars] (US\$1,538) with the agricultural sector registering NT\$12,000 (US\$461) and the utility companies recording the highest level at NT\$380,000 (US\$14,615), the statistics showed.

The DGBAS said that because the nation's labor productivity has shown a declining trend since 1990, learning how to effectively raise productivity should be a goal for Taiwan's industries.

#### 'Stable Food Prices' Curb Inflation in May

OW0506211193 Taipei CNA in English 1412 GMT  
5 Jun 93

[Text] Taipei, June 5 (CNA)—Inflation slowed in May, thanks to stable food prices, a government statistical agency reported Saturday [5 June].

The Consumer Price Index (CPI), which monitors price changes from 1991 when the index was 100, stood at 107.21 in May, up a mere 2.03 percent from the year-earlier level, the Directorate General of Budget, Accounting and Statistics said. The annual growth rate was the second lowest since 1989, statistical officials said. Compared with April, the CPI fell 0.35 percent, the officials noted.

They attributed the decline mainly to a 1.41 percent drop in food prices. Vegetable, fruit and egg prices all fell significantly in May from the April level because of abundant supplies. The Consumer Price Index rose an average of 2.92 percent in the first five months of this year from the 1992 level.

The wholesale price index stood at 93.43 in May, down 0.04 percent from April, but up 1.79 percent from the year before. The index rose 1.32 percent during the January-May period.

Import prices rose an average of 4.4 percent in May as compared with the May 1992 level. The rise was attributed to the depreciation of the new Taiwan dollar against the U.S. greenback and the Japanese yen. In the first five months, import prices grew at an annual rate of 3.14 percent.

#### **Heavy Rains Cause 'Major' Agricultural Losses**

*OW0506210993 Taipei CNA in English 1442 GMT  
5 Jun 93*

[Text] Chuang Hsing New Village, Central Taiwan, June 5 (CNA)—The heavy rains around the island in the past few days have caused major losses in agricultural products. The Taiwan provincial Department of Agriculture and Forestry said the loss to paddies, farm products, livestock and forestry totaled NT \$760 million [new Taiwan dollars] (about US\$30 million). The counties of Miaoli and Taichung in central

Taiwan, were the hardest hit from among all counties and cities of the province, it added.

#### **President Inspects Areas**

*OW0406161193 Taipei CNA in English 1412 GMT  
4 Jun 93*

[Text] Taipei, June 4 (CNA)—President Li Teng-hui made an inspection tour of flood-stricken central Taiwan Friday [4 June] to show his concern for flood victims. Recent heavy rains in central Taiwan have triggered landslides and flooding in many lowland areas with the worst damage occurring in Miaoli and Taichung counties.

President Li inspected damaged houses, dikes, bridges and highways in Miaoli. He instructed local government officials to help victimized families rebuild their homes.

Li then traveled to Taichung where a water-processing plant was polluted by an onslaught of mud and water supply to many households in the region has been cut for several days. The president said he hoped that the water supply in the Taichung area could return to normal as soon as possible.

Li chatted with Army troops who have been called to help repair the water-processing plant and reconstruct dams and dikes damaged by the rains. He lauded them for their dedicated service.

On Wednesday, north-south rail transportation was temporarily disrupted after portions of track were washed away by landslides. Cross-island highways were also closed due to landslides and washed-out roads.

Many farm crops were washed away or damaged, causing hikes in vegetable and fruit prices in the past few days. The Council of Agriculture (COA) estimated agricultural losses in the two counties at about NT [new Taiwan] \$600 million (US\$23.07 million). COA officials said vegetable supplies islandwide will return to normal in one week, but prices may not become stable until June 20.



## Hong Kong

**Journal Cites Deng Xiaoping on Hong Kong Issue**  
*HK0706085693 Hong Kong CHING PAO in Chinese*  
*No 6, 5 Jun 93 p 11*

[Article by Chen Wei-ming (7115 1792 0682): "Deng Says That, Should It Become a Wrestling Center, the Fragrant Harbor Would Not Be Fragrant Any More"]

[Text] On 13 May, Lu Ping, the director of the State Council Hong Kong and Macao Affairs Office, stated in Macao in no uncertain terms that Hong Kong's value lies in its economy. Hong Kong can and should continue to be an international financial, trade, and shipping center. Nonetheless, Hong Kong should on no account be allowed to become a political center, let alone an international political center. Should Hong Kong become an arena of conflict for various political forces in the world, disaster would no doubt befall the 6 million people of Hong Kong. By making these remarks, Lu Ping undoubtedly sent a strong signal to Britain and the United States, which has interfered in Hong Kong affairs: The Chinese Government will never allow foreign countries to change Hong Kong into an international political center.

### **Should It Become a Political Center, the Fragrant Harbor Would Not Be Fragrant Any More**

According to well-informed sources in Beijing, before leaving Beijing in early May, Deng Xiaoping personally held talks on the Hong Kong question with Jiang Zemin, CPC general secretary; Zhu Rongji, State Council vice premier; and Qian Qichen, concurrently vice premier and foreign minister, as well as Lu Ping. Deng Xiaoping said: It is very good that even ordinary people have now come to realize that Britain is bent on making political trouble in Hong Kong before leaving. This shows that Britain is very unwilling to return Hong Kong. In the nine years since China and Britain signed the Joint Declaration, we have always abided by that agreement and acted in good faith. The Hong Kong and Macao Affairs Office and the XINHUA Hong Kong Branch have done things in accordance with the Joint Declaration. This remains our major principle. I once said that we had better move a little towards the right on the question of Hong Kong. We have taken various factors into account, including Hong Kong's social realities, value outlook, way of life, and so on. We decided years ago not to propagate the hinterland's system and set up political organizations in Hong Kong in the hope of preventing Hong Kong from becoming a center for political wrestling and contention. Should it really become a battlefield for international political forces, Hong Kong would certainly lose its economic value. As a result, entrepreneurs, financiers, industrialists, and businessmen would be scared away. Overseas money would be taken away. The fragrant harbor [Hong Kong] would not be fragrant any more. Then what would happen to the 6 million Hong Kong compatriots? It will be the central people's government bearing the burden.

Deng Xiaoping added: Some British politicians think that the international climate has changed. They want to turn their back on the Joint Declaration and change Hong Kong into an international political wrestling and contention center. I think that the "Greenwich Observatory" has wrongly forecast China's climate. We definitely will not allow such intention to be realized. Hong Kong is PRC territory. If the British want to engage in political wrestling, they should do that in their homeland. If any foreign political organization wants to engage in political wrestling, it should do that back in its homeland. They will not be allowed to do so in Hong Kong. We should offer such advice to those foreign governments, political organizations, or politicians wanting to engage in political wrestling in Hong Kong: Look for another place!

### **Britain Is Bent on Making Trouble in Hong Kong**

Deng Xiaoping went on: The British authorities clearly know that Hong Kong owes its current economic success to its stable environment, which is the key factor. We have witnessed rapid growth over the past 10 years or so simply because we have enjoyed a stable environment. Would foreigners be willing to come to invest in China in the absence of a stable environment as well as a correct line, principles, and policies in China? The majority of Hong Kong compatriots have displayed confidence in China's forthcoming recovery of Hong Kong in 1997, mainly because our central government has both the determination and ability to guarantee a smooth transition, implement "one country, two systems," and act in accordance with the Basic Law in Hong Kong.

Deng Xiaoping stated: Since there is not much time left, it is quite right for us to prepare ourselves for both eventualities, otherwise we would be thrown into passivity. It will be very good if China and Britain can cooperate with each other. However, the present situation shows that Britain is still trying to make trouble. We have already made our principles clear. No tricks and cards played by Britain can daunt us. Our minister put it well at the two sessions (National People's Congress session and Chinese People's Political Consultative Conference session): How could the Chinese Government face the world if it failed to govern Hong Kong successfully? I think that everyone who loves the motherland agrees with these remarks. We should let Britain and foreigners with other intentions toward Hong Kong understand that China will never make any concessions on issues such as national sovereignty and internal affairs. And there is no room for compromise on such issues.

### **Election Deal 'Null and Void' Until New Pact**

*OW0706114493 Beijing XINHUA in English 1126*  
*GMT 7 Jun 93*

[Text] Hong Kong, June 7 (XINHUA)—China has said that any decisions made by the British Hong Kong

authorities on the 1994/95 electoral arrangements would be null and void until the on-going Sino-British talks reached an agreement.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, said this on Sunday [6 June] when commenting on the boundary and election commission bill which was approved at the Legislative Council on May 26.

He noted that at present the Chinese and British sides are discussing the electoral arrangements in their consultations.

### Local Authorities 'Poison' Sino-British Talks

OW0506163893 Beijing XINHUA in English 1615  
GMT 5 Jun 93

["Roundup" feature by XINHUA correspondent Li Zhigao]

[Text] Hong Kong, June 5—The British Hong Kong authorities have been under attack since late May for their role in recent actions taken by the Legislative Council [Legco] to poison the atmosphere for the on-going Sino-British talks.

The attack is focused on the adoption of the Election Boundary and Commission Bill by the Legislative Council May 26 and the decision of the Legco constitutional development panel to start deliberation on Governor Chris Patten's political package May 31.

Also under attack was the remarks Alistair Goodlad, British Foreign Office minister responsible for Hong Kong, made during his recent Hong Kong visit that the Legislative Council may amend an agreement reached between China and Britain.

In their interviews with media and speeches on symposiums, newspapers and TV programs, some legislators, advisers on Hong Kong affairs, and other public figures shared the view that these actions and remarks revealed the attempt of the British side to interfere with the on-going Sino-British talks.

Legislator Tam Yao Zong said that "as China and Britain are holding talks on the 1994/95 election arrangements in Hong Kong, people cannot help to think that the British side is trying to create a fait accompli about the election and make the Chinese side accept it."

"By doing so, the British side also attempts to have more bargaining counters in the ongoing Sino-British talks," said Tsang Yok-sing, chairman of the Democratic Alliance for the Betterment of Hong Kong.

Tsang said that under the present situation Governor Chris Patten is unable to submit his political bill to the Legislative Council for deliberation flagrantly.

"However," Tsang said, "people should remain alert that Patten could submit to the Legco his bill piece by piece, as was in the recent case of the Election Boundary and Commission Bill."

Asked about the timing of legislating his bill June 1, Patten said: "Time isn't infinite. We do have administrative imperatives. We do owe it to the community to get the arrangements in place as soon as we reasonably can."

Tsang pointed out that the constitutional development panel's decision to start deliberations on the Patten package was made after Mr. Goodlad said that the Legislative Council may amend an agreement reached between China and Britain.

Chinese Foreign Ministry spokesman Wu Jianmin said at a news briefing June 3 that the decision of the constitutional development panel was another attempt by the British Hong Kong authorities to interfere with and undermine the Sino-British talks following its submission of an election bill to the Legco for review and adoption.

"The response from the Chinese Foreign Ministry to the legislation actions is reasonable," Hong Kong affairs adviser Tsui Sze Man said. "The British side should be blamed for all serious consequences caused by its malpractices," the adviser said.

The public figures like other residents in Hong Kong all expressed the hope that China and Britain should enhance cooperation and consultation to ensure Hong Kong's stability and prosperity and the smooth transition.

They said that various initiatives taken by the Chinese side have led to the resumption of the Sino-British talks, the Sino-British Land Commission approving 127 hectares of land for development in 1993, the consensus on three franchises straddling 1997 [as received] and the re-opening of the Airport Committee June 4.

The Chinese side has shown sufficient sincerity when the talks were going towards concrete issues of the electoral arrangements in 1994 and 1995, the British should follow suit, Mr. Tsang Yok Sing said.

### XINHUA Urges Britain To Control Legco

HK0606074693 Hong Kong WEN WEI PO in Chinese  
6 Jun 93 p 12

[Report: "XINHUA Deputy Director Zhang Junsheng Criticizes British Side for Playing Little Tricks and Urges It To Keep the Legislative Council Under Control"]

[Text] Zhang Junsheng has said that, during the recent talks between the Chinese and British sides over the arrangements for the 1994-95 elections, the Chinese side did three things that were conducive to achieving positive results at the meetings. The British side, on the other

hand, did three things that were harmful to the talks; thus people can clearly see which of the two sides has been sincere. He hoped that the British side would keep the Legislative Council under control under the jurisdiction of the British Hong Kong Government, to keep it from playing little tricks. In addition, he talked about the new airport issue, saying that the ball has been in Britain's court all along. Zhang Junsheng made the above comments yesterday while attending the opening ceremonies of an exhibition of paintings entitled "Paintings by Eight Artists."

Zhang Junsheng said that China and Britain had held four rounds of talks on the arrangements for the 1994-95 elections, and soon the fifth round of talks would begin. Considering the Hong Kong residents' wishes—which of course are the Chinese side's wishes as well—it has been hoped that the talks will achieve positive results as quickly as possible. To achieve positive results, it is imperative that the "three-conformity" principle negotiated by the Chinese and British sides be made the basis of talks in discussing the arrangements for the 1994-95 elections. That being the case, the Chinese side has hoped that 1) the British side would refrain from playing small tricks; and 2) the British side would earnestly show its sincerity.

Zhang Junsheng said that everybody could see that both the Chinese and British sides had done a few things between the beginning of the recent fourth round of talks and the eve of the fifth round of talks. On the part of the British side, the first thing done was the adoption of the "Draft Regulations for the Division of Electoral Wards and the Election Committee" by the Legislative Council [Legco] of the British Hong Kong Government on 26 May; the second thing was the Legco Panel for Constitutional Affairs decision to discuss the constitutional reform package on 31 May; and the third was that Alastair Goodlad, the British Foreign Office minister with special responsibility for Hong Kong, stated that a memorandum of understanding [MOU] would be reached in the current Sino-British talks, which Legco might agree to or not. Should Legco disagree, he added, talks with the Chinese side might have to start all over again; later, it was said that his statement had been distorted. Was it distorted? They themselves should know the answer very well. Had the statement truly been distorted, the British side was obliged to demand those who had distorted it for a clarification. These are the three things that the British side has recently done.

Zhang Junsheng said that the Chinese side has also done three things. The first thing was that the Chinese side relatively promptly discussed with the British side, and the Land Commission resolved, the issue of leases on plots of land to be approved this year; the second was the resumption of the meetings of the Airport Committee; and the third was the settlement—through meetings of the Sino-British Joint Liaison Group—of the franchise issue for three projects straddling 1997 which were set forth by the British side, including the license for cable TV, the agreement on renewing the control plan of Hong

Kong Electric Holdings Limited, and the arrangements for the landfill area in the western part of the New Territories.

Zhang Junsheng said that everybody could see which of the two sides demonstrated sincerity. As the three things done by the British side fell in the category of playing little tricks, could they in any way help in promoting positive results for the Sino-British talks?

Zhang Junsheng continued, saying that sincerity should have been shown at the negotiating table; should genuine sincerity be shown, it would not be long before the talks achieved results. Furthermore, that should not be difficult, because the plan for the 1994-95 elections had already been stipulated in the agreements and understandings reached between China and Britain and the Basic Law. The current discussions center around issues of details and specific arrangements; it is certain that results can be achieved if sincerity is shown.

Zhang Junsheng said that another point was that a sound atmosphere was called for during the talks, and one should refrain from playing little tricks. In its explanation, the British side said that the Legco Panel for Constitutional Affairs' discussion did not have any restrictive legal power and would not have any effect. If that were truly the case; they would not have had to discuss it in the first place—why should they have discussed it? Would it not be much ado about nothing if nothing was going to be settled by the discussion? Furthermore, what precisely was to be discussed at the panel for constitutional affairs? It was none other than Mr. Patten's constitutional reform package! The Chinese side had repeatedly stated that Chris Patten's constitutional reform package could not be taken as the basis for the Sino-British talks by any means. So far the talks had yielded any results, so what was there for the panel to discuss? All those issues on the division of electoral wards and the election committee were arrangements and preparations for the elections; obviously, they were playing little tricks. If the British Government was not doing so deliberately, then it should restrict the British Hong Kong Government Legislative Council, which is under its jurisdiction.

When asked which court currently contained the ball for the new airport issue, Zhang Junsheng said that the ball had been in Britain's court all along. He said that the airport issue was settled when the heads of the Chinese and British Governments initialed the MOU in 1991. Had the British Hong Kong Authorities strictly abided by the MOU and had acted in accordance with its stipulations without going beyond the MOU, the new airport project could have moved ahead considerably. It was simply because the British Hong Kong Government's financial plan went beyond the MOU that the talks had to be conducted anew.

Zhang Junsheng stressed that conducting the talks anew meant returning to the MOU, paying attention to cost and economic returns, and ensuring that loans do not



exceed the stipulations of the MOU; at the same time, it was imperative to build the new airport with qualitative and quantitative guarantees in the shortest possible time. That being the case, the ball had been in Britain's court all along, and people should not believe that, by making a new proposal, the ball had been kicked to the other side. The ball had been in their court all along. As long as things are done according to the MOU for the New Airport in Hong Kong, this matter can be easily settled as well.

### Commentary Warns of British 'Little Tricks'

HK0606085093 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0716 GMT 6 Jun 93

["Commentary" by reporter Gan Cheng (3927 2110):  
"Guard Against the British Hong Kong Authorities  
Doing One Thing Under Cover of Another"]

[Text] Hong Kong, 6 Jun (ZHONGGUO TONGXUN SHE)—China and Britain have now held four rounds of talks on the arrangements for the 1994-95 elections, and the fifth round is to be held from 14 to 16 June. Hong Kong people from all walks of life and various points of view are all looking forward to a satisfactory outcome from talks that have proceeded in a fine atmosphere free of unexpected twists and turns.

A series of actions recently taken by the British Hong Kong authorities, however, are truly disturbing.

On 26 May, the Legislative Council [Legco] approved the "Draft Ordinances for the Boundary and Election Commission." British Hong Kong officials argued that this draft bill adopted by Legco only involves "technical" problems. People have noticed, however, that the Hong Kong Governor's policy address delivered on 7 October last year contained the following passages: "...in defining the boundaries for new constituencies and to make similar arrangements for the existing constituencies ... set up an independent Boundary and Election Commission which will report directly to me (denoting the Hong Kong Governor)." It is very obvious that this commission will virtually serve as an instrument under the Hong Kong Governor's direct control with the aim of implementing his constitutional package. The very purpose of Legco in rushing through these "Draft Ordinances for the Boundary and Election Commission" is to confirm an important part of the Hong Kong Governor's constitutional package in the form of legislation.

After that, on 31 May, Legco's constitutional group adopted a motion to initiate discussion on the Hong Kong Governor's constitutional package. Governor Chris Patten's constitutional package, after being gazetted through an announcement he made on 12 March, has so far not been officially submitted to Legco for examination and discussion. Therefore, there was no need for the Legco constitutional group to place the governor's constitutional package on the agenda in such a hurry, at a subtle moment when the Chinese and British sides were holding talks on the arrangements for

the 1994-95 elections. Such an act will inevitably add difficulties and impose obstacles to the ongoing Sino-British talks.

In reviewing the British Hong Kong Authorities' series of actions—which they should not have taken but which they have stubbornly gone ahead with anyway—they can be likened to the case of two entrepreneurs negotiating over the architectural design for a new building pending a final decision, when the building company under one of the entrepreneurs has hastily broken ground, laid the foundation, and started building the walls based on the design that has not been accepted yet. It is a matter of course that such behavior should draw protest of the other side.

We must be vigilant over the question of whether the aforesaid "little tricks" of the British Hong Kong authorities signify that, under the support of the British Hong Kong authorities, some Legco members are resorting to the plot of "advancing secretly along an unknown path" to find a chance to smuggle the Hong Kong governor's constitutional reform package into the Legco step by step in a planned way by "separating it in parts," taking advantage of the normal progress of Sino-British talks and counting on the Hong Kong residents to relax their vigilance in an attempt to create a fait accompli to put pressure on the Chinese side.

In view of the precedent of jeopardizing the Sino-British talks that the British Hong Kong authorities set when they suddenly gazetted the Hong Kong governor's constitutional reform package at a time when the effort to open the Sino-British talks was approaching success, the Chinese side must really be very careful in dealing with the British side. Regarding the series of "improper" actions on the part of the British Hong Kong authorities, the Chinese Foreign Affairs Ministry has already made representations to the British side and expressed its strong protest, while hoping that the British side would refrain from setting up new roadblocks to the Sino-British talks that are underway, requiring the British side to promptly put a halt to all speeches and actions that would interfere with and jeopardize the Sino-British talks.

### Editorial Views British 'Tricks' on Talks

HK0606071593 Hong Kong WEN WEI PO in Chinese  
5 Jun 93 p 2

[Editorial: "What Is the British Side's Intention in Setting Up Roadblocks at Every Step?"]

[Text] The British side has resorted to quite a few tricks since the third round of the Sino-British talks and has set up roadblocks to the talks on the 1994-95 elections in an effort to play for and waste time and to hint that the talks might be jeopardized. This is a trend that is worth Hong Kong residents' attention.

On 25 May, when the third round of talks had just concluded, Governor Chris Patten asserted that: "The

third round of talks between the Chinese and British Governments on the arrangements for the 1994-95 elections has gone smoothly." The British Hong Kong authorities deliberately spread an optimistic atmosphere as a smokescreen to cover up the truth that they had insisted on Patten's constitutional reform package and created difficulties, while lulling and deceiving Hong Kong residents with the alleged "progress" that had been made.

In actual fact, the British side did not handle the talks in accordance with the "three-conformity principle" and continued to consider Chris Patten's constitutional reform package as the only bargaining chip. Chris Patten achieved two things on 26 May. First, while inspecting the Kowloon City District, he said: "The position of the British side in the talks has always been consistent and has not softened." Second, under the manipulation of the British Hong Kong authorities, the Legislative Council [Legco] quickly adopted the decision on electoral ward boundaries and the draft regulations for the election committee on the very same day; this was an important step in unilaterally pushing forward Chris Patten's constitutional reform package. An important goal of this package focuses on the election committee, which is to include all directly elected district board members. This disregards the stipulation in the Basic Law that, among the 800 members of the committee for electoral affairs—which comprises figures from industrial, commercial, and financial sectors, the professions, the grass roots, and the political circles—10 members of the first Legco are to be elected to the election committee. The Chinese side has long indicated that such a practice would run counter to the Basic Law and would violate the plan contained in the agreements and understanding reached in the seven letters between the Chinese and British foreign ministers; thus it is totally unacceptable. The British side was well aware that this plan would not be accepted, so, through legislative procedures in the Legco, it managed to greatly increase the proportion of seats for district board members through direct election, so that the number of seats in this category would reach a median of 338; as the number was further increased, it would reach 400 and would move toward the goal of forming an election committee which followed the pattern envisioned by Chris Patten. Whereas the election committee would be in charge of drafting the regulations for work concerning electoral ward boundaries and the type of ballot (one ticket, one seat). This actually sought to create a fait accompli before any results could be achieved in the Sino-British talks.

The British side resorted to the trick of jumping the gun with the legislature by hinting that Legco could veto the agreements reached in the Sino-British talks and extorting the Chinese side under false pretenses. By jumping the gun with the legislature, the British side sought to directly intervene in the Sino-British talks to force the Chinese side to accept the arrangement to increase seats for directly elected district board members

by a wide margin and to further press the Chinese side to accept directly elected district board members as election committee members. On 31 May, Chris Patten discussed his intentions in unequivocal terms: "It is difficult to imagine that the Hong Kong Government would submit a project to Legco for discussion that it would find clearly unacceptable." This statement hints that, because Legco adopted the draft regulations through a ballot, Legco members support Chris Patten's plan for increasing the number seats for directly elected district board members. Should the results of the Sino-British talks fail to conform with the legislature's fait accompli, Legco would not accept them. The Chinese side would have to accept Chris Patten's "three violations" package to satisfy Legco. Alastair Goodlad, the British Foreign Office minister with special responsibility for Hong Kong, has also encouraged some Legco members who oppose convergence with the Basic Law; while meeting Martin Lee Chu-ming, chairman of the United Democrats of Hong Kong, during his Hong Kong visit, Alastair Goodlad said: "China and Britain will submit their agreement on Hong Kong's future elections in the form of a memorandum; if the Legco has any complaints about the agreement, it may revise it and submit it for China and Britain to discuss in their negotiations." That statement is absurd. If the results of the talks between China and Britain—two sovereign countries—can be torn up and started all over again, will the talks have any meaning?

Following the instigation and encouragement of Hong Kong Governor Chris Patten and Alastair Goodlad, the Legco Constitutional Affairs Group created a situation in which Legco, through Martin Lee Chu-ming's motion, was able to push forward the discussion of the administrative reform project in Legco at a time when Sino-British talks were underway.

This act took place outside the Sino-British talks, creating "a game outside a game" and a farce of challenging one another—which was started by the British side—with proven facts. In sophistry, the British side said: "Legco's action had nothing to do with the British side"; that was a very clumsy denial which did nothing but expose them. The draft regulations were set out by the British Hong Kong Government, and, during the third reading, Michael Sze Cho-cheung, secretary for constitutional affairs, personally went to the Legco to explain the contents of the regulations. How could they say they had not done anything? What are the social effects of Chris Patten's statement that "the government will not submit to Legco any plan which it does not support?" What role did the secret talks between Alastair Goodlad and Martin Lee Chu-ming play in instigating Legco to amend the results of Sino-British talks?

The British side was playing tricks and superficially spreading an "optimistic" atmosphere to cover up its plot to create deadlock in the talks and press the Chinese side to accept a fait accompli. Should the Chinese side refuse to give in, they plan to shift responsibility to the Chinese side. Such a plot will never prevail, however.

The Hong Kong residents have a clear understanding that the British side is the one that has engaged in double-dealing. It has been this side that has set up roadblocks to the talks and has resorted to the trick of jumping the gun while making preparations to veto the results of the talks. On the whole, the British side has no sincerity for the talks. If the British side fails to return to the track of the three-conformities and halt its "three-violations" tricks outside the talks, then the talks will inevitably be affected. In that case, the responsibility for creating a deadlock should rest only with the British side.

### Editorial Condemns Patten for Disrupting Talks

HK0606083093 Hong Kong TA KUNG PAO in Chinese  
5 Jun 93 p 2

[Editorial: "Chris Patten Seriously Has Interfered With the Sino-British Talks"]

[Text] Recently, Chris Patten made a lengthy statement in an interview with a Hong Kong newspaper. He mentioned the Sino-British talks and many principled issues. After that, on another occasion, he said that, if the talks last too long and achieve no result, then the Hong Kong people would want him to make a decision. All these provocative remarks show that Patten has continuously been disturbing and undermining the talks. He must bear responsibility for the serious consequences of such behavior.

When the report asked about the "main principles of the talks," Patten did not mention the Sino-British Joint Declaration, the principle of converging with the Basic Law, or the agreements and understandings that have been reached by China and Britain. Instead, he reiterated the old tune of so-called openness, fairness, and being acceptable to the people of Hong Kong. Why?

In answering this question, Patten was at first evasive and only said that "I cannot address this too concretely and can only try to view the concrete and essential arrangements based on the principles." Then, he revealed what was on his mind and once again expressed the three principles he has mentioned so frequently. He said: "The purpose of the talks is to seek some arrangements," and "such arrangements should be open, fair, and acceptable." As a matter of fact, the Chinese side and the British side have agreed on the foundation for the talks and have affirmed that the three principles—the Sino-British Joint Declaration, convergence with the Basic Law, and the agreements and understandings that have been reached by the two sides—should be the foundation for the consultations on the 1994-95 election arrangements in Hong Kong. This was written clearly in the news bulletin that announced the beginning of the talks, and both sides promised to utter no remarks that were not in keeping with the bulletin. Four rounds of talks have been held, but Patten is still arguing that the main principles of the talks are openness, fairness, and being acceptable to people of Hong Kong. He is also

insisting that the talks are "seeking" election arrangements rather than ensuring the implementation of the promised arrangements. Patten has completely broken the promise that the British side made prior to the talks, with the intention of creating uncertain factors for the talks.

In the past, China and Britain reached a series of agreements on solving issues in Hong Kong's late transitional period, so rules and regulations have been prepared for various areas and should be followed. The ongoing talks seek to solve the issue of how to implement these agreements and make the things on paper a reality. Some details in the implementation of these agreements have yet to be discussed. However, Patten has argued that the issues in the last four years of the transitional period remain "an outstanding question," that "the Sino-British Joint Declaration did not solve them, and they have remained unsettled afterward," "so it is necessary to make detailed arrangements and to solve them systematically."

What he said was groundless and stemmed from ulterior motives. The Sino-British Joint Declaration and its annexes set forth explicit terms for ensuring Hong Kong's prosperity and stability and the smooth transfer of government in 1997. The PRC Government has also clearly explained its basic principles and policies toward Hong Kong. China and Britain then made concrete arrangements through consultations on the issues of strengthening cooperation, implementing the Joint Declaration, handling affairs concerning the smooth transfer of government in 1997, and handling Hong Kong's land contracts and other relevant affairs. After that, the two sides reached agreements and understandings on the political structure in Hong Kong's late transitional period, including the principle of converging with the Basic Law, the composition of the Election Committee, the number of seats to be determined by direct elections, and the indirect elections through the functional constituencies. Then, on the basis of sufficient discussions in Hong Kong and on the mainland, the National People's Congress [NPC] adopted the Basic Law of the Hong Kong Special Administrative Region [SAR]. The points concerning the election arrangements on which China and Britain had reached agreement were also written into the Basic Law. The NPC also made a decision on establishing the Hong Kong SAR Preparatory Committee in 1996 as an organ responsible for preparing the SAR's establishment. In short, the handling of affairs in Hong Kong's late transitional period can and must follow the established stipulations. As British Foreign Secretary Douglas Hurd said, after the two sides reach basic agreement "on the political structure most suited to Hong Kong before and after 1997," what they need to discuss will be some minor details, such as what trades should be included in the nine new functional constituencies, how to define the boundaries of the geographic constituencies for direct elections, and so on. However, Patten is still saying that certain issues in Hong Kong's



late transitional period remain "an outstanding question" that requires "detailed arrangements" and "systematic settlement." This only shows that he has disregarded the Sino-British Joint Declaration, the Basic Law, and the agreements and understandings reached by China and Britain. It shows that he was still trying to create pretexts for pursuing his "three-violations" constitutional package. He will never succeed.

The Sino-British talks have gone through four rounds. All people must have noted that every press communique about the talks certainly said that the two sides discussed the 1994-95 election arrangements in Hong Kong on the basis of the "three conformities." This clearly shows that the Sino-British talks discussed Hong Kong's 1994-95 election arrangements; they did not address the through train issue in 1997 at all. Recently, Chris Patten again and again stressed that the through train arrangement was the main subject of the talks. He said: "We must make it certain that, when sovereignty is transferred, both people and mechanisms will take the through train," so the Chinese side "should" "provide objective criteria" for the through train.

If the "through train" issue refers to the convergence of the political structure, then there has long been an agreement, and—as long as the agreement is implemented—the political structure will be able to converge with the Basic Law. If the "through train" refers to the question of how Legislative Council [Legco] members can directly become members of the SAR Legco in 1997, then the NPC Standing Committee has also laid down explicit stipulations, and this is China's internal affair and is an issue to be considered and handled by the future SAR Preparatory Committee. The requirements for taking the through train were formulated three years ago. Those elected in 1995 who want to take the through train will have known about the terms for five years. How could a situation appear like that which Patten alluded to when he said: "Someone may tell you halfway through your journey: Sorry, our promise to you has changed, and you have to get off the train now?" This was his deliberate distortion.

Patten said that, if the talks lasted too long and achieved no results, the people of Hong Kong would want him to make a decision. This remark is noteworthy. What are the Hong Kong people's expectations? Do they expect that the Sino-British talks will achieve positive results and that China and Britain will continue their cooperation, or do they expect that the talks will achieve no results and that Patten will thus make a decision? Most residents will certainly affirm the former rather than the latter. Only a very small number of people do not hope that the talks will be successful. Patten is also unwilling to see China and Britain reach agreement on the 1994-95 election arrangements according to the "three conformities" principle. This is why he has been trying to set obstacles to the talks. In mid-March, when the two sides had nearly reached agreement on resuming the talks and had drafted the press communique about the talks, Patten abruptly announced the decision to gazette his

"three-violations" constitutional package, undermining the talks. After the third round of the talks, the Hong Kong people all longed for positive results, but, at this crucial juncture, Patten connived at and supported the preemptive action of the Legco to adopt the Boundaries and Elections Commission bill, and then connived at and supported the Legco Constitutional Group's decision to discuss the 1994-95 election arrangements on the basis of his package in order to quicken the preparations for putting the package into practice. Thus, the talks were seriously disrupted and undermined and became very difficult. If talks break down, the British side and Patten must bear all the responsibility. Patten attempts to act perversely and decide Hong Kong's political structure according to his own wishes after undermining the talks, but this behavior will never be endorsed by the Hong Kong people and will never succeed. The British side must control Patten's words and deeds and urge him to unconditionally implement all the agreements that have been reached by China and Britain.

#### **Legco 'Interference' in Talks 'Detrimental'**

*HK0706070093 Hong Kong WEN WEI PO in Chinese  
7 Jun 93 p 2*

[Editorial: "Legislative Council's Interference in Talks Detrimental to Hong Kong People"]

[Text] China and Britain are holding talks on the 1994-95 election arrangement. When the talks began, the two sides agreed that the 1994-95 election arrangements were a matter between the two sovereign states of China and Britain and that no third party should be allowed to intervene [jie ru 0094 0354] in the matter, and that the talks should be held according to the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings reached by China and Britain. China and Britain also agreed that, in order to ensure the smooth development of the talks and according to general diplomatic practice, the contents and progress of the talks should be kept secret.

In the nearly eight months of the Sino-British dispute, Hong Kong people know well that megaphone diplomacy between China and Britain, as it publicizes differences between the two sides, only causes the situation to become deadlocked. The "people's wishes battle" and the public opinion battle are not favorable to a settlement of the problem. The effective way to solve the problem is to act in the light of the Joint Declaration and to refer matters upon which no agreement can be reached to the Chinese Government and the British Government for solution through consultations according to the stipulations of Annex II of the Joint Declaration. Hong Kong is occupied by Britain, so the matter of returning Hong Kong to China in 1997 and establishing the Special Administrative Region according to the Basic Law, as is stated in the Joint Declaration, requires China and Britain to strengthen cooperation and friendly consultation. If anyone opposes and disrupts Sino-British consultations, they are just bringing factors of uncertainty

into Hong Kong's prosperity and stability, and this will create unrest and upheavals. Therefore, in their own interests, Hong Kong people support the Sino-British talks being held on the basis of the "three conformities" and hope that an agreement can be reached as soon as possible. If the Legislative Council [Legco] discusses the constitutional reform package while the Sino-British talks go on and begins the legislative process in disguised form, another round of megaphone diplomacy will inevitably be triggered off, and the battle over the people's wishes will break out again and will lead to an antagonistic situation. This will do no good to Hong Kong's prosperity and stability and will do no good to the smooth development of the Sino-British talks. It will only raise new obstacles and waste time.

All Hong Kong people remember that, after Chris Patten presented his constitutional reform package on 7 October, the Legco passed Jimmy McGregor's motion supporting Patten's package and opposing the principle of convergence with the Basic Law. When Legco debated Patten's package, Christine Loh Kung-wai, a Legco member appointed by Patten, even argued that "convergence with the Basic Law is our enemy." It was in such an antagonistic atmosphere towards the Basic Law that a majority of Legco voted against convergence. Supported by Legco, Patten became more unwilling to act according to the principle of the "three conformities." A turbulent situation that had lasted eight months deteriorated further. At present, Legco has again passed a bill on the regulations for the Boundary and Election Commission to put Patten's package into practice gradually. The chieftain of the United Democrats, who was received by the British prime minister and treated like a head of state, also proposed discussing constitutional issues at the Legco Constitutional Panel. All this shows that some people are trying to open another battlefield outside the negotiating table and to publicize differences between China and Britain through the Legco, thus resuming megaphone diplomacy and using British-style "people's wishes" to disrupt and undermine ongoing talks. Those who raised and supported the motion in the Legco Constitutional Panel all belong to the "anti-China faction," [feng zhong bi fan pa 6646 0022 1801 0646 3175] which supports Patten's "three-violation" package. Hong Kong people can clearly predict whom their spearhead will be directed at in the debate, what disruptive impact will be created on convergence with the Basic Law, and what the impact will be on the talks. Now, some people have stood up to say that the Chinese side has "overreacted" to all of this; they are just trying to mislead the public. On his last visit to Hong Kong, Alastair Goodlad uttered the provocative remark that "the Basic Law can be revised"; on this visit to Hong Kong, he again held secret talks with Martin Lee Chu-ming and his ilk, inciting the Legco to "revise the Memorandum of Understanding reached by China and Britain on the 1994-95 election arrangements and then submit the revisions back to China and Britain for further talks." Encouraged by such incitement, Legco's Constitutional Panel adopted a scheme to discuss the

constitutional package. Yesterday, a Legco member said on "City Forum," which was televised by RTHK [Radio Television Hong Kong], that such actions were aimed at "preventing a repetition of the agreement on the Court of Final Appeal." Therefore, the Legco Constitutional Panel's discussion is obviously aimed at influencing and intervening in the Sino-British talks and making preparations for vetoing any agreement reached in the talks. How can the Chinese side be blamed for overreacting? How could this not arouse Hong Kong people's vigilance?

People like Martin Lee Chu-ming and Christine Loh Kung-wai inside the Legco cannot represent the wishes of Hong Kong people. They have never hoped to see cooperative consultations between China and Britain and have never hoped for convergence with the Basic Law. They have played little tricks with the support of the British Hong Kong authorities. In fact, they do not want to return to the path of the "three conformities." The behavior of these people in giving no consideration to Hong Kong's overall interests will do nothing beneficial for the talks, will only jeopardize the talks, and will cause more time to be wasted in the talks dealing with differences and disputes.

Some people have obviously tried to affect the talks and set obstacles for the talks, but they argue: "See, the talks are still going on. What is wrong with it?" This is just like the thief who steals a door bell by covering his own ear. The Chinese Ministry of Foreign Affairs has lodged protests against the little tricks played by the Legco, and this was the first consequence. As the Legco Constitutional Panel began to discuss the constitutional issue, it thus provoked a public opinion battle and publicized the differences between China and Britain, and this was a second consequence. While China and Britain need to restore mutual trust and goodwill in order to make progress in the talks, the British Hong Kong authorities have abetted some people in the Legco to take such actions and to sour the atmosphere of mutual trust. This is also a disruptive consequence for the talks.

### Editorial Urges British Sincerity in Talks

HK0706095393 Hong Kong TA KUNG PAO in Chinese  
7 Jun 93 p 2

[Editorial: "China, Britain Adopt Utterly Different Attitudes Toward Consultation, Cooperation"]

[Text] China and Britain have conducted four rounds of diplomatic talks on Hong Kong's 1994-95 election arrangements on the basis of the "three conformities." Hong Kong people universally hope the two countries can reach an agreement. A Chinese official in charge expressed "cautious optimism" about the talks; not long ago, a visiting British guest suggested the Chinese side change its assessment of the negotiations prospects and asked whether it is possible to delete the word "cautious." Recently, however, before and after the fourth round of talks, the British Hong Kong authorities have

stirred up disputes through a series of actions. They intensified plans for the implementation of Hong Kong Governor Chris Patten's "three violations" package. The Chinese Ministry of Foreign Affairs could not but make representations to the British side. Given such developments, even though the Chinese spokesman has not reassessed the negotiations prospects, Hong Kong people cannot help being worried that the word "optimism" should probably be deleted, leaving only the word "cautious."

Progress in the talks hinges on the sincerity of both parties. If a party lacks sincerity, holding talks will only be a waste of time and will let Hong Kong people down. Since the Sino-British talks are being held in a confidential manner, Hong Kong people do not know the details of the talks. However, outside the negotiating venue, people can see the Chinese side's demonstration of its sincerity to cooperate and consult with the British side with practical actions. In the ordinary course of events, because the so-called "constitutional reform package" forwarded by Patten runs counter to the Sino-British Joint Declaration and other agreements and understandings, the basis of cooperation has been undermined and, if things should go on this way, the result will be that each side goes its own way. However, the Chinese side is still exerting the greatest efforts and, with the intention of safeguarding the interests of Hong Kong people, will strive to resume cooperation with Britain on various issues, such as the land allocation plan, the examination and approval of franchise contracts like cable television which straddle 1997, and the financial arrangements for the new airport project and is working hard for agreement. The sincerity is consistent and is demonstrated in many ways; the Chinese side has fully shown its sincerity through its words and deeds.

In striking contrast, the British side has continuously placed obstacles in the way of Sino-British talks in words and deeds. Whether it has sincerity is chiefly judged by whether or not it truly respects and implements Sino-British agreements and is determined to implement the new agreement likely to be reached. The Sino-British talks are official consultations between the diplomatic representatives of two sovereign states. Both sides have the responsibility to implement the agreement reached as mutual commitments by the two countries. They should never allow any local government to amend it, let alone allow the Legislative Council [Legco], which is an appendage institution set up in accordance with Letters Patent, to negate it. There are numerous examples of the British Government introducing diplomatic agreements and international obligations for Hong Kong to implement. In the past, Hong Kong was also forced to comply with the embargoes against Argentina and Iraq. Until recently, the British Privy Council issued instructions for Hong Kong to transfer Iraqi money derived from oil sales to a UN trustee account; London has also issued instructions, setting deadlines for the replacement of British travel documents handled and issued in Hong Kong. If the British side is unwilling to, or says it cannot,

implement the agreement reached between China and Britain, it will not only damage Britain's international prestige but the overall basis of cooperation established under the Joint Declaration will also be shaken fundamentally.

The recent words and deeds by the British side precisely show that it lacks sincerity for cooperation. The series of deployments are aimed at unilaterally pursuing Patten's "three violations" package rather than returning to the track of the "three conformities" and cooperating with China. On 26 May, the British Hong Kong Legco approved the "Draft Regulations on the Boundary and Election Commission"; on 30 May, in a speech in Hong Kong, Alastair Goodlad, British Foreign Office minister with special responsibility for Hong Kong, said that what China and Britain will reach in the future is not necessarily an agreement, which the Legislative Council may or may not approve; and, the next day, the Legco Constitutional Group decided to discuss the so-called "constitutional bill." People have reason to deduce an internal link between these words and deeds and believe that the British side is still trying to practice the "three-legged stool" and use Legco to obstruct and undermine the talks. With regard to Legco panel discussions on the "constitutional reform bill," a British Hong Kong spokesman hurriedly defended the move by saying the panel discussions do not have legal binding power. The problem does not lie in whether the Legco discussions have binding power or not but in whether the British side assumes its restraining responsibility: Whether the British side believes that the agreement reached between the two countries has binding power over Legco. So far, the British side has not given a clear-cut answer on this issue. On the contrary, it is conniving with and abetting Legco to "subject to restriction," to create public opinion for Patten's "three violations" package, and even divide the package for gradual implementation. This is not conducive to the Sino-British talks based on the "three conformities."

The vastly different Chinese and British attitudes toward consultation and cooperation reflect different stands and starting points. If the British side wants to make continued progress and reach agreement in the talks, it should first put an end to all petty tricks and genuinely display its sincerity.

#### **No Date Set for New Talks on Airport**

OW0406170493 Beijing XINHUA in English 1652  
GMT 4 Jun 93

[Text] Hong Kong, June 4 (XINHUA)—The Airport Committee under the Sino-British Joint Liaison Group (JLG) held a meeting here today.

Guo Fengmin, chief representative of the Chinese team of the JLG, told reporters after the meeting that the two sides discussed the financial arrangements for the new airport at Chek Lap Kok in accordance with the memorandum of understanding concerning the construction of the airport and related questions.



No date has been announced for the next meeting of the airport committee.

### **Legco Official Against Discussing Proposals**

*HK0606042593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Jun 93 p 11*

[Article from the "Agenda" page by Elsi Tu, deputy president of Hong Kong's Legislative Council: "Why We Must Find Time For a Cooling-Off Period"]

[Text] At the Constitutional Development Panel meeting on May 31, Martin Lee Chu-ming proposed the panel begin discussing the less controversial issues of the reform package proposed last October by Governor Chris Patten. I said that discussing anything in the Patten package, when the two sovereign states were holding talks, would not only be meaningless but actually harmful. What I said then was my gut reaction to Mr Lee's proposal. After further consideration, I have not changed my stance but feel even more convinced this would not be the right time.

Since the Patten proposals were first placed before the Legislative Council [Legco] eight months ago, they have been discussed ad nauseam in councils, district boards, political party meetings, in bars, restaurants and, in fact, almost everywhere. We all know the stance of the leading political figures and parties. They all have their own views, some similar, some very different, and those views have almost all been submitted in writing both in the Government's compendium and in the media. So what more is there to discuss before we know if any changes have been made, or if any agreement has been reached between Britain and China?

On all the Patten proposals, I have the clear guidance of my constituency, the Urban Council, which is widely representative of the people of Hong Kong in that it includes directly elected urban councillors as well as directly and indirectly elected district board members from every constituency in all the urban areas. Moreover, I agree with their opinions, which were clearly indicated in a survey as being supported by an overwhelming majority of members. The results of that survey have already been published. In any talks in the panel, I am not likely to move from those views until there is some new input after the talks between Britain and China. Nor are any of the other individual members, parties or groups likely to change their stance, because many have likewise made surveys in their constituencies.

So what more is there to discuss before we know what changes have been made, or if there is agreement between the two sovereign states? It seems we would be wasting a lot of time of busy councillors, as well as the time of our overworked secretaries, to mull over issues on which some members will never agree.

Perhaps Mr Lee can give good reasons for his proposal. I would not like to attempt to impute motives, but I believe he gave as his reason that such discussions would

help us to reach some common ground on minor issues, in order to save time in future discussions after we know the outcome of the talks in Beijing. I wish I could think of a single issue on which it would be practical to reach a common conclusion at the present time, unless it might be the voting age, and that issue could be disposed of in a few minutes because hardly any one of us would object to the voting age being set at 18.

However, even if we were to hold discussions on that issue in the Patten proposals, I think China would regard such action not as a sensible prelude to future discussions in Council but as an outright provocation. The Boundaries and Elections Commission Bill seemed harmless enough, but China strongly objected because it came from the Patten proposals, which are not on the agenda in Beijing, where the talks are based on the three principles that we all know well, the Basic Law, the Joint Declaration and the seven exchanges. In fact, it might not be a bad idea for us to have a refresher course on those three principles to prepare ourselves for discussion when the talks in Beijing end. If we were to discuss the Patten proposals now, while the two sides are talking, it could appear we are thumbing our noses at both sides and impatiently trying to go it alone. We could end up delaying the talks even further.

Yeung Sum supports Mr Lee's proposal to hold discussions in the panel meetings, saying this would be "just a warm-up for the Legislative Council debate later". After living through periods of peace and turmoil in Hong Kong in the past 42 years, I would say this is a time for cooling down, not warming up. For the past eight months the political temperature has been rising to the point that even the most hot-blooded protagonists for the Patten package have been longing for a cooler climate. Why start the heat all over again and risk further destabilisation? Why not give the Hong Kong people a break from megaphone diplomacy?

Of course, the media thrives on sensation. But it was perhaps unfortunate that on the same day as Mr Lee made his proposal to discuss the political package in panel meetings, Mr Patten is reported to have said something to the effect that he thought it was a good idea. He may have been caught unawares, as only the Hong Kong media knows how to catch people! However, anything the Governor says soon becomes loaded with meaning beyond his probable intention. It would be all too easy for the Chinese side to put two and two together and make five, the extra unit being their belief that Mr Lee and the Governor concoct things together. So far this element has not crept into the present case and hopefully it will not do so. There have been long months of mistrust on both sides, and mistrust is easier to make than to break.

I am not Mr Patten's adviser, nor would I expect him to take advice from me, but with 30 years' more experience of life than he, perhaps I might suggest this is a time to adopt the adage "silence is golden". In fact, now the talks in Beijing are in progress, we might all try to keep that

gold standard by remaining silent until the two negotiators have slogged it out together. Then it will be our turn to speak. If I thought for one moment that going ahead with discussions or attempting to pre-empt the final proposals would be good for Hong Kong, I would go along with such discussions in Legco panels. Personally, I believe the reverse is the case. Remembering other nations have for 1 1/2 centuries tried to control China's destiny, it is understandable China would consider the Legislative Council's proposals to be interference once again, even if no interference were intended.

After all, during those 1 1/2 centuries Britain has always called the shots for Hong Kong, and Hong Kong has always accepted what Britain imposed. China would certainly suspect any change in that attitude the moment it became the role of China to call the shots here. In fact, to be fair, China has listened to many Hong Kong people, many of them elected, in the promulgation of the Basic Law. Moreover, the Joint Declaration has given Hong Kong far more democratic promises than Britain ever did. Is it not better to make sure those democratic promises will be carried out, rather than demand more but get nothing because we have denied China the right to administer the territory that belongs to her, after June 1997?

I normally avoid using cliches and sayings because they can be contradictory as well as out-dated. But in this case, I think the adage "half a loaf is better than no bread" is appropriate. I am sure the people of Russia, Yugoslavia and other European countries undergoing sudden political changes are finding out the literal truth of that saying in stark reality. They may have been given the bread-tin of democracy only to find no bread inside it. Let us not allow political ideologies to deprive the Hong Kong people of their rice-bowl by repeatedly trying to destabilise the economy for ideals that can be achieved if we are patient enough to make speed slowly.

I agree we should stand up for our rights, but we also have to be realistic. No nation ever got all it asked for from its government in one go, for the simple reason that

it is easier to run an opposition party than to run a real government. Principle is one thing; patience is another, and we need both in our present situation in Hong Kong.

#### **Legco Opens Discussion on Electoral Bill**

HK0706092593 Hong Kong AFP in English 0820 GMT  
7 June 93

[Text] Hong Kong, June 7 (AFP)—Hong Kong legislators started Monday [7 June] to discuss an electoral bill despite China's warning that it could hamper the Sino-British negotiations on the territory's political future. The constitutional development panel of the Legislative Council started to discuss the bill for the 1994 district and 1995 legislative council elections as envisaged in Governor Chris Patten's democratization proposals.

The bill, which seeks to increase the number of people entitled to vote in the elections, has been attacked by China as going against previous agreements between London and Beijing China and Britain on arrangements for Hong Kong during the transition from British to Chinese rule in 1997. The panel promptly endorsed the lowering of the voting age to 18 from 21.

But one pro-China legislator, Tam Yiu-chung vowed to boycott future meetings of the panel, saying "it is not a good idea to discuss the bill here and now." He said it could prejudice the ongoing Sino-British talks on the future of Hong Kong. Legislators voted to discuss the electoral bill last week as a fourth round of the talks ended without agreement.

Zhang Junsheng, vice director of the Xinhua News Agency, China's de facto government representative here, reiterated Sunday earlier Chinese warnings that all discussions on the bill should be frozen. He accused Britain of playing "little tricks," referring to the panel's discussions and the passage of formal legislation on the staging of the elections. Zhang said the Legislative Council, which China has always claimed is merely an advisory body, had no right to discuss the bill.

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